

COUNTY OF FLOYD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

COUNTY OF FLOYD, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

INTRODUCTORY SECTION

List of Elected and Appointed Officials		<u>Page</u> 1
---	--	------------------

FINANCIAL SECTION

Independent Auditors' Report		2-4
------------------------------------	--	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	10
Statement of Fiduciary Net Position - Fiduciary Funds	7	11
Notes to the Financial Statements		12-63

Required Supplementary Information:		
Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual:		
General Fund	8	64
Fire and Rescue Fund	9	65
Schedules Related to Pension Funding:		
Schedule of the County's Proportionate Share of the Net Pension Liability	10	66
Schedule of Components of and Changes in Net Pension Liability and Related Ratios ..	11	67
Schedule of Contribution Requirements.....	12	68
Notes to the Required Supplementary Information	13	69

Other Supplementary Information:		
Statement of Changes in Assets and Liabilities.....	14	70
Discretely Presented Component Unit - School Board:		
Balance Sheet.....	15	71
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	16	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	17	73
Discretely Presented Component Unit - Economic Development Authority:		
Statement of Net Position - Proprietary Funds.....	18	74

COUNTY OF FLOYD, VIRGINIA
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information: (Continued)		
Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Proprietary Funds	19	75
Statement of Cash Flows -		
Proprietary Funds	20	76
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	77-81
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	82-85
Other Statistical Information:		
	<u>Table</u>	<u>Page</u>
Government-Wide information:		
Government-Wide Expenses by Function	1	86
Government-Wide Revenues	2	87
Fund information:		
General Governmental Expenditures by Function	3	88
General Governmental Revenues by Source	4	89
Property Tax Levies and Collections	5	90
Assessed Value of Taxable Property	6	91
Property Tax Rates	7	92
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	8	93
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures.....	9	94

COMPLIANCE SECTION

	<u>Page</u>
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 <i>Government Auditing Standards</i>	95-96
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	97-98
Schedule of Expenditures of Federal Awards	99-101
Schedule of Findings and Questioned Costs.....	102-104

INTRODUCTORY SECTION

COUNTY OF FLOYD, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Margaret Hubbard, Vice Chair James Ingram	Linda T. King, Chair	C. Gene Bishop Maria "Faye" C. Nichols
--	----------------------	---

COUNTY SOCIAL SERVICES BOARD

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

OTHER OFFICIALS

Clerk of the Circuit Court	Wendell G. Peters
Commonwealth's Attorney	Eric Branscom
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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. 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 schedules related to pension funding on pages 64-65 and 66-69, respectively, 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 16, 2015, 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 16, 2015

Basic Financial Statements

County of Floyd, Virginia
Statement of Net Position
June 30, 2015

	Primary Government Governmental Activities	Component Unit School Board	Component Unit EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,311,587	\$ 302,751	\$ 39,747
Cash in custody of others	-	1,204,537	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,686,930	-	-
Accounts receivable	324,901	8,010	9,366
Loan receivable - current portion	-	-	7,192
Capital lease receivable - current portion	162,500	-	23,900
Due from primary government	-	1,881,043	-
Intergovernmental receivable	490,261	558,672	-
Inventories	-	23,053	816,203
Prepaid items	120,405	321,682	4,263
Total current assets	<u>\$ 14,096,584</u>	<u>\$ 4,299,748</u>	<u>\$ 900,671</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	\$ 1,741,779	\$ -	\$ 59,555
Loan receivable - net of current portion	-	-	88,701
Capital lease receivable - net of current portion	1,367,706	-	-
Capital assets not being depreciated:			
Land	714,094	265,917	82,029
Capital assets, net of accumulated depreciation:			
Buildings and improvements	15,579,762	2,088,361	2,282,930
Machinery and equipment	966,098	850,769	26,884
Total noncurrent assets	<u>\$ 20,369,439</u>	<u>\$ 3,205,047</u>	<u>\$ 2,540,099</u>
Total assets	<u>\$ 34,466,023</u>	<u>\$ 7,504,795</u>	<u>\$ 3,440,770</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	\$ 81,284	\$ -	\$ -
Change in proportionate share of net pension liability	-	822,000	-
Pension contributions subsequent to measurement date	353,039	1,556,081	-
Total deferred outflows of resources	<u>\$ 434,323</u>	<u>\$ 2,378,081</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 205,060	\$ 22,781	\$ 939
Accrued liabilities	-	1,881,043	-
Health claim payable	-	140,864	-
Customers' deposits	-	-	4,700
Accrued interest payable	223,962	-	-
Due to component unit	1,881,043	-	-
Unearned revenues	-	-	14,066
Noncurrent liabilities:			
Due within one year	1,730,942	482,949	-
Due in more than one year	15,383,892	17,903,265	-
Total Liabilities	<u>\$ 19,424,899</u>	<u>\$ 20,430,902</u>	<u>\$ 19,705</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,246,643	\$ -	\$ -
Items related to measurement of net pension liability	726,369	2,812,750	-
Total deferred inflows of resources	<u>\$ 4,973,012</u>	<u>\$ 2,812,750</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 6,130,473	\$ 3,205,047	\$ 2,391,843
Restricted:			
Cafeteria	-	325,804	-
Capital equipment purchases	1,741,779	-	-
Self health insurance	-	1,063,673	-
Unrestricted (deficit)	2,630,183	(17,955,300)	1,029,222
Total Net Position	<u>\$ 10,502,435</u>	<u>\$ (13,360,776)</u>	<u>\$ 3,421,065</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, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services		Primary Governmental Activities	Component Units	
		Operating	Grants and Contributions		School Board	EDA
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,166,572	\$ 105,308	\$ 199,724	\$ (848,790)		
Judicial administration	870,484	1,995	414,431	(454,058)		
Public safety	3,344,721	681,359	922,997	(1,662,386)		
Public works	1,732,404	173,959	12,933	(1,545,512)		
Health and welfare	1,576,986	-	1,167,323	(409,663)		
Education	6,107,460	-	-	(6,107,460)		
Parks, recreation, and cultural	314,111	1,715	-	(312,396)		
Community development	261,084	-	-	(261,084)		
Interest on long-term debt	544,738	-	-	(544,738)		
Total primary government	\$ 15,918,561	\$ 964,336	\$ 2,717,408	\$ (12,146,088)		
COMPONENT UNITS:						
School Board	\$ 20,442,242	\$ 374,726	\$ 13,506,556	\$ (6,560,960)	\$ (6,560,960)	\$ (131,182)
EDA	140,547	9,365	-	-	-	(131,182)
Total component units	\$ 20,582,789	\$ 384,091	\$ 13,506,556	\$ (6,560,960)	\$ (6,560,960)	\$ (131,182)
General revenues:						
General property taxes				\$ 10,884,157	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				824,026	-	-
Consumers' utility taxes				353,432	-	-
Consumption taxes				43,984	-	-
Motor vehicle licenses				396,367	-	-
Recordation tax				6,239	-	-
Hotel and motel room taxes				34,821	-	-
Other local taxes				25,328	-	-
Unrestricted revenues from use of money and property				90,873	-	8,218
Miscellaneous				52,641	80,235	4,128
Contributions from the County of Floyd				-	6,100,867	15,000
Contributions to the County of Floyd (Note 14)				1,348,304	-	(1,348,304)
Grants and contributions not restricted to specific programs				1,600,210	-	548,119
Gain on sale of capital assets				276,696	-	6,699
Total general revenues				\$ 15,937,078	\$ 6,181,102	\$ (766,140)
Change in net position				\$ 3,790,990	\$ (379,858)	\$ (897,322)
Net position - beginning, as restated				6,711,445	(12,980,918)	4,318,387
Net position - ending				\$ 10,502,435	\$ (13,360,776)	\$ 3,421,065

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

County of Floyd, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Fire and Rescue</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,563,865	\$ -	\$ 8,563,865
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,686,930	-	4,686,930
Accounts receivable	324,901	-	324,901
Due from other governmental units	490,261	-	490,261
Prepaid items	109,281	-	109,281
Long term capital lease receivable	1,530,206	-	1,530,206
Restricted assets:			
Cash and cash equivalents	1,741,779	-	1,741,779
Total assets	<u>\$ 17,447,223</u>	<u>\$ -</u>	<u>\$ 17,447,223</u>
LIABILITIES			
Accounts payable	\$ 202,572	\$ 2,488	\$ 205,060
Reconciled overdraft	-	252,278	252,278
Due to component unit	1,881,043	-	1,881,043
Total liabilities	<u>\$ 2,083,615</u>	<u>254,766</u>	<u>2,338,381</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,513,501	\$ -	\$ 4,513,501
Unavailable revenue - EMS billings	182,663	-	182,663
Unavailable revenue - capital lease receivable	1,530,206	-	1,530,206
Unavailable revenue - prepaid taxes	169,749	-	169,749
Total deferred inflows of resources	<u>\$ 6,396,119</u>	<u>\$ -</u>	<u>\$ 6,396,119</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 109,281	\$ -	\$ 109,281
Restricted:			
Capital equipment purchases	1,741,779	-	1,741,779
Assigned:			
Environmental solid 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	6,011,675	(254,766)	5,756,909
Total fund balances (deficit)	<u>\$ 8,967,489</u>	<u>(254,766)</u>	<u>8,712,723</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,447,223</u>	<u>\$ -</u>	<u>\$ 17,447,223</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, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 8,712,723

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

Land	\$ 714,094	
Buildings and improvements	15,579,762	
Machinery and equipment	<u>966,098</u>	17,259,954

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	\$ 436,607	
Unavailable revenue - EMS billings	182,663	
Unavailable revenue - capital lease receivable	1,530,206	
Items related to measurement of net pension liability	<u>(726,369)</u>	1,423,107

Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.

353,039

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	\$ (10,866,129)	
Unamortized bond premium	(26,375)	
Capital leases	(3,087,838)	
Compensated absences	(355,217)	
Accrued interest payable	(223,962)	
Net pension liability	(1,559,230)	
Deferred charges on refunding	81,284	
Prepaid bond insurance	11,124	
Landfill closure/post-closure liability	<u>(1,220,045)</u>	<u>(17,246,388)</u>

Net position of governmental activities

\$ 10,502,435

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, 2015

	<u>General</u>	<u>Fire and Rescue</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 10,768,989	\$ 219,192	\$ 10,988,181
Other local taxes	1,684,197	-	1,684,197
Permits, privilege fees, and regulatory licenses	126,682	-	126,682
Fines and forfeitures	2,737	-	2,737
Revenue from the use of money and property	185,667	-	185,667
Charges for services	728,572	-	728,572
Miscellaneous	52,641	-	52,641
Recovered costs	70,205	-	70,205
Intergovernmental:			
Commonwealth	3,639,050	70,304	3,709,354
Federal	698,993	-	698,993
Total revenues	<u>\$ 17,957,733</u>	<u>\$ 289,496</u>	<u>\$ 18,247,229</u>
EXPENDITURES			
Current:			
General government administration	\$ 1,233,287	\$ -	\$ 1,233,287
Judicial administration	891,424	-	891,424
Public safety	2,841,520	423,034	3,264,554
Public works	1,512,674	-	1,512,674
Health and welfare	1,646,621	-	1,646,621
Education	5,702,590	-	5,702,590
Parks, recreation, and cultural	273,475	-	273,475
Community development	259,004	-	259,004
Debt service:			
Principal retirement	1,213,186	49,124	1,262,310
Interest and other fiscal charges	553,177	1,750	554,927
Total expenditures	<u>\$ 16,126,958</u>	<u>\$ 473,908</u>	<u>\$ 16,600,866</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,830,775</u>	<u>\$ (184,412)</u>	<u>\$ 1,646,363</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	\$ 1,750,000	\$ -	\$ 1,750,000
Issuance of refunding capital lease	556,000	-	556,000
Debt service - capital lease refinanced	(556,000)	-	(556,000)
Total other financing sources (uses)	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 1,750,000</u>
Net change in fund balances	\$ 3,580,775	\$ (184,412)	\$ 3,396,363
Fund balances - beginning, as restated	5,386,714	(70,354)	5,316,360
Fund balances (deficit) - ending	<u>\$ 8,967,489</u>	<u>\$ (254,766)</u>	<u>\$ 8,712,723</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, 2015

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

Net change in fund balances - total governmental funds \$ 3,396,363

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	\$ 131,689	
Depreciation expense	<u>(881,234)</u>	(749,545)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (38,554)

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

Increase (decrease) in unavailable revenue - property taxes	\$ (104,024)	
Increase (decrease) in unavailable revenue - EMS billings	106,345	
Increase (decrease) in unavailable revenue - capital lease receivable	1,530,206	
(Increase) decrease in deferred inflows related to the measurement of the net pension liability	<u>(726,369)</u>	806,158

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	\$ (2,306,000)	
Principal payments:		
Loans and bonds	1,663,245	
Capital leases	<u>155,065</u>	(487,690)

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	\$ (23,133)	
(Increase) decrease in net pension liability	918,519	
Increase (decrease) in deferred outflows related to pension payments subsequent to measurement date	(23,287)	
(Increase) decrease in accrued interest payable	19,629	
Increase (decrease) in prepaid bond insurance	(478)	
(Increase) decrease in premium on revenue bond	1,199	
Increase (decrease) in deferred amount on refunding	(10,161)	
(Increase) decrease in landfill closure/post-closure liability	<u>(18,030)</u>	<u>864,258</u>

Change in net position of governmental activities \$ 3,790,990

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, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>7,605</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>7,605</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, 2015

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, 2015.

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.

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.

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

A. Financial Reporting Entity (Continued)

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.

Floyd-Floyd County Tourism Authority

The County, along with the Town of Floyd, provides support to the Floyd-Floyd County Tourism Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions. The County contributed \$21,000 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 \$72,325 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)

Jointly Governed Organizations (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 \$479,517 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 and reports the proceeds of specific revenue sources, (other than those derived from special assessments, expendable trusts, of dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions. The Fire and Rescue Fund accounts for tax collections earmarked for fire and rescue services and related expenses.

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 but have no measurement focus. 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.

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, 2015, the following departments/funds have expenditures that exceeded appropriations: Board of Supervisors, County Administration, Magistrate, County Attorney, Community Development, General Properties, Miscellaneous Programs, Environmental Fund, Delinquent Court Fines, and E911.

Deficit fund equity

At June 30, 2015, 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.”

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 \$136,098 for property taxes and \$238,855 for EMS billings at June 30, 2015.

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.

The remainder of the page is left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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.

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.

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

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

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 two items that qualify for reporting in this category. One item 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, certain items related to the measurement of the net pension liability are reported as deferred outflows of resources. Contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. In addition, the change in proportionate share of the net pension liability is recorded as a deferred outflow of resources. For more detailed information on these items, reference the pension note.

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 is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments and uncollected EMS revenue are reported as deferred inflows of resources. In addition, the net difference between projected and actual earnings on pension plan investments related to the measurement of the net pension liability are reported as deferred inflows of resources. For more detailed information on these items, reference the pension note.

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. Pensions

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

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

F. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of this Statement will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the restatement of net position as described in Note 17.

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). The County did not have any investments as of June 30, 2015.

The remainder of this page left blank intentionally.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 2—Due from Other Governmental Units:

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

	Primary Government	Component Unit School Board	Component Unit EDA
<u>Commonwealth of Virginia:</u>			
Local sales tax	\$ 152,753	\$ -	\$ -
State sales tax	-	426,334	-
Non-categorical aid	124,952	-	-
Categorical aid-shared expenses	108,183	-	-
Categorical aid-Welfare payments	24,676	-	-
Categorical aid-other	-	-	-
Comprehensive Services Act (CSA)	18,849	-	-
<u>Federal Government:</u>			
Categorical aid-Welfare payments	45,598	-	-
School federal programs	-	132,338	-
Categorical aid-other	15,250	-	-
Totals	<u>\$ 490,261</u>	<u>\$ 558,672</u>	<u>\$ -</u>

Note 3-Interfund/Component-Unit Obligations:

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

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	\$ 1,881,043	\$ -
Component Unit:		
School Board	-	1,881,043

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3-Interfund/Component-Unit Obligations: (Continued)

Primary government contributions to component units for the year ended June 30, 2015, consisted of the following:

Component Unit:	
School Board	\$ 6,100,867
Economic Development Authority	15,000
Total	<u>\$ 6,115,867</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization. During the fiscal year, the County did not transfer any amounts between funds.

Note 4—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, 2015:

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General obligation bonds	\$ 10,566,179	\$ -	\$ (1,602,848)	\$ 8,963,331
Lease revenue bonds	1,963,195	-	(60,397)	1,902,798
Unamortized bond premium	27,574	-	(1,199)	26,375
Capital leases	936,903	2,306,000	(155,065)	3,087,838
Landfill closure/post-closure liability	1,202,015	18,030	-	1,220,045
Compensated absences	332,084	272,196	(249,063)	355,217
Net pension liability	2,477,749	1,242,342	(2,160,861)	1,559,230
	<u>2,477,749</u>	<u>1,242,342</u>	<u>(2,160,861)</u>	<u>1,559,230</u>
Total	<u>\$ 17,505,699</u>	<u>\$ 3,838,568</u>	<u>\$ (4,229,433)</u>	<u>\$ 17,114,834</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4—Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness: (Continued)

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

Year Ending June 30,	General Obligation Bonds		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 1,064,115	\$ 391,318	\$ 62,110	\$ 74,499
2017	897,703	346,439	63,434	72,175
2018	914,174	304,682	69,800	69,684
2019	931,365	262,597	71,209	67,025
2020	949,305	219,766	72,661	64,323
2021-2025	3,611,361	529,921	411,752	277,293
2026-2030	595,308	13,692	495,578	190,717
2031-2035	-	-	481,254	88,522
2036-2040	-	-	175,000	13,375
Totals	\$ <u>8,963,331</u>	\$ <u>2,068,415</u>	\$ <u>1,902,798</u>	\$ <u>917,613</u>

The remainder of this page left blank intentionally.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4—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	\$ 1,702,516	\$ 211,056
School construction bonds	5.10-6.10%	12/21/95	07/15/16	2,835,979	182,204	182,204
School construction bonds	4.60-5.10%	11/10/05	07/15/25	10,259,045	6,017,705	502,225
School construction bonds	5.10-5.80%	11/16/00	07/15/20	3,110,483	1,060,906	168,630
Total general obligation bonds					\$ 8,963,331	\$ 1,064,115
<u>Lease revenue bonds:</u>						
Revenue bond - Library	4.25-5.00%	08/08/07	08/01/37	\$ 1,000,000	\$ 875,000	\$ 20,000
Revenue bond - EDA Bldg	3.10%	12/23/13	01/23/34	1,088,000	1,027,798	42,110
Total lease revenue bonds					\$ 1,902,798	\$ 62,110
<u>Other long-term obligations:</u>						
Capital leases (Note 6)					\$ 3,087,838	\$ 337,105
Unamortized bond premium					26,375	1,199
Landfill closure/post-closure liability					1,220,045	-
Net pension liability					1,559,230	-
Compensated absences					355,217	266,413
Total other long-term obligations					\$ 6,248,705	\$ 604,717
Total long-term obligations					\$ 17,114,834	\$ 1,730,942

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 5—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, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Compensated absences	\$ 687,507	\$ 472,055	\$ (515,630)	\$ 643,932
Net pension liability	19,439,114	2,111,206	(3,808,038)	17,742,282
Total	<u>\$ 20,126,621</u>	<u>\$ 2,583,261</u>	<u>\$ (4,323,668)</u>	<u>\$ 18,386,214</u>

Details of long-term indebtedness:

	Amount	Within One Year
<u>Other Obligations:</u>		
Compensated absences	\$ 643,932	\$ 482,949
Net pension liability	17,742,282	-
Total Long-Term Obligations	<u>\$ 18,386,214</u>	<u>\$ 482,949</u>

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, 2015:

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
Line of credit	\$ 66,335	\$ 353,660	\$ (419,995)	\$ -

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6—Capital Leases:

Primary Government

The County has entered into capital leases to finance the acquisition of a pumper truck, brush trucks, and 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	<u>1,131,088</u>
Total capital assets	\$ 1,611,093
Accumulated depreciation	<u>(624,671)</u>
Net book value of capital assets	<u>\$ 986,422</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	Capital Leases
2016	\$ 410,260
2017	408,648
2018	408,648
2019	408,648
2020	408,648
2021-2025	<u>1,402,653</u>
Subtotal	\$ 3,447,505
Less, amount representing interest	<u>(359,667)</u>
Present Value of Lease Agreement	<u>\$ 3,087,838</u>

The future minimum lease as amortized above includes the May 2015 issuance of \$1,750,000 which has yet to be spent as of June 30, 2015.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the County are automatically covered by the County of Floyd, Virginia Retirement Plan upon employment. The Plan includes employees of entities whose financial information is not included in the primary government report, and is therefore a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia.

All full-time, salaried permanent (nonprofessional) employees of the public school divisions are automatically covered by the Floyd County Public Schools Retirement Plan upon employment. This is an agent multiple-employer plan administered by the System along with plans for other employer groups in the Commonwealth of Virginia.

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

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

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 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 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.</p>	<p>About the Hybrid Retirement Plan 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 Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see “Eligible Members”)</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • 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.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>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.</p>	<p>Eligible Members Employees are in 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.</p> <p>Hybrid Opt-In Election Eligible 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.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>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 Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>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 Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but 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.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>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.</p>

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> 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.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> 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. Plan 1 or 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.</p> <p><u>Defined Contributions Component:</u> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p>

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> 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.</p> <ul style="list-style-type: none"> • 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. <p>Distribution is not required by law until age 70½.</p>
<p>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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) 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.</p>		<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> 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.</p>
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: 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 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>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%.</p> <p><u>Eligibility:</u> 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.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>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%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and 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. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>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.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the highest of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p>Defined Contribution Component: Not applicable.</p>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Plan Description (Continued)

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/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been 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 5.00% member contribution. This could be phased in over a period of 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.

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.93% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$353,039 and \$376,326 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

At June 30, 2015, the County reported a liability of \$1,559,230 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2014 and 2013 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2014 and 2013, the County's proportion was 93.96% and 93.96%, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The total pension liability for General Employees in the County of Floyd, Virginia’s Retirement Plan and the Floyd County Public Schools Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County of Floyd, Virginia’s Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County of Floyd, Virginia Retirement Plan, Floyd County Public Schools Retirement Plan, and the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the County’s proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
County’s proportionate share of the County of Floyd’s Retirement Plan Net Pension Liability (Asset)	3,362,315	1,559,230	65,267

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County recognized pension expense of 184,176. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	726,369
Employer contributions subsequent to the measurement date	<u>353,039</u>	<u>-</u>
Total	<u>\$ 353,039</u>	<u>\$ 726,369</u>

\$353,039 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2016	\$ (181,592)
2017	(181,592)
2018	(181,592)
2019	(181,593)
Thereafter	-
Total	<u>(726,369)</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (nonprofessional)

Plan Description

Additional information related to the plan description, plan contribution requirements, actuarial assumptions, long-term expected rate of return, and discount rate is included in the first section of this note.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	65
Inactive members:	
Vested inactive members	11
Non-vested inactive members	20
Inactive members active elsewhere in VRS	18
Total inactive members	49
Active members	75
Total covered employees	189

Contributions

The Floyd County School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 12.95% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. However, in fiscal year 2015, the School Board agreed to a rate of 80% of the certified rate as offered by VRS and paid 10.36% of covered employee compensation.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Floyd County School Board’s nonprofessional employees were \$147,441 and \$120,805 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Floyd County School Board’s (nonprofessional) net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 7,110,478	\$ 5,399,364	\$ 1,711,114
Changes for the year:			
Service cost	\$ 141,371	\$ -	\$ 141,371
Interest	484,197	-	484,197
Differences between expected and actual experience	-	-	-
Contributions - employer	-	120,805	(120,805)
Contributions - employee	-	71,995	(71,995)
Net investment income	-	838,193	(838,193)
Benefit payments, including refunds of employee contributions	(386,746)	(386,746)	-
Administrative expenses	-	(4,638)	4,638
Other changes	-	45	(45)
Net changes	\$ 238,822	\$ 639,654	\$ (400,832)
Balances at June 30, 2014	\$ 7,349,300	\$ 6,039,018	\$ 1,310,282

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

The following presents the net pension liability of the Floyd County School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Floyd County School Board’s (nonprofessional) net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	2,100,676	1,310,282	642,067

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

For the year ended June 30, 2015, the Floyd County School Board (nonprofessional) recognized pension expense of \$93,723. At June 30, 2015, the Floyd County School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	373,750
Employer contributions subsequent to the measurement date	147,441	-
Total	<u>\$ 147,441</u>	<u>\$ 373,750</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (nonprofessional) (Continued)

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

\$147,441 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2016	\$ (93,437)
2017	(93,437)
2018	(93,437)
2019	(93,437)
Thereafter	-
Total	<u>(373,748)</u>

Component Unit School Board (professional)

Plan Description

Additional information related to the plan description, plan contribution requirements, long-term expected rate of return, and discount rate is included in the first section of this note.

Contributions

Each School Division’s contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$1,408,640 and \$1,159,427 for the years ended June 30, 2015 and June 30, 2014, respectively.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2015, the school division reported a liability of \$16,432,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division’s proportion of the Net Pension Liability was based on the school division’s actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division’s proportion was .13597% as compared to .12869% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$1,481,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience \$	-	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,439,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	822,000	-
Employer contributions subsequent to the measurement date	1,408,640	-
Total	<u>\$ 2,230,640</u>	<u>\$ 2,439,000</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

\$1,408,640 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2016	\$ (429,000)
2017	(429,000)
2018	(429,000)
2019	(429,000)
Thereafter	99,000
Total	<u>(1,617,000)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	24,128,000	16,432,000	10,095,000

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 8—Capital Assets:

Primary Government

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</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	6,353,368	131,689	(212,381)	6,272,676
Total capital assets being depreciated	<u>\$ 28,466,153</u>	<u>\$ 131,689</u>	<u>\$ (212,381)</u>	<u>\$ 28,385,461</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,990,176)	\$ (542,847)	\$ -	\$ (6,533,023)
Machinery and equipment	(5,142,018)	(338,387)	173,827	(5,306,578)
Total accumulated depreciation	<u>\$ (11,132,194)</u>	<u>\$ (881,234)</u>	<u>\$ 173,827</u>	<u>\$ (11,839,601)</u>
Total capital assets being depreciated, net	<u>\$ 17,333,959</u>	<u>\$ (749,545)</u>	<u>\$ (38,554)</u>	<u>\$ 16,545,860</u>
Governmental activities capital assets, net	<u>\$ 18,048,053</u>	<u>\$ (749,545)</u>	<u>\$ (38,554)</u>	<u>\$ 17,259,954</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8—Capital Assets: (Continued)

Primary Government (continued)

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

Governmental activities:	
General government administration	\$ 2,282
Judicial administration	4,524
Public safety	231,351
Public works	199,983
Health and welfare	6,666
Education	404,870
Parks, recreation, and culture	<u>31,558</u>
Total depreciation expense-governmental activities	<u>\$ 881,234</u>

Discretely Presented Component Unit - School Board

Capital asset activity for the School Board for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ <u>265,917</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>265,917</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,963,095	\$ -	\$ -	\$ 4,963,095
Machinery and equipment	3,451,022	125,321	(159,483)	3,416,860
Total capital assets being depreciated	<u>\$ 8,414,117</u>	<u>\$ 125,321</u>	<u>\$ (159,483)</u>	<u>\$ 8,379,955</u>
Accumulated depreciation:				
Buildings and improvements	\$ (2,787,724)	\$ (87,010)	\$ -	\$ (2,874,734)
Machinery and equipment	(2,560,277)	(165,297)	159,483	(2,566,091)
Total accumulated depreciation	<u>\$ (5,348,001)</u>	<u>\$ (252,307)</u>	<u>\$ 159,483</u>	<u>\$ (5,440,825)</u>
Total capital assets being depreciated, net	<u>\$ 3,066,116</u>	<u>\$ (126,986)</u>	<u>\$ -</u>	<u>\$ 2,939,130</u>
Governmental activities capital assets, net	<u>\$ 3,332,033</u>	<u>\$ (126,986)</u>	<u>\$ -</u>	<u>\$ 3,205,047</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8—Capital Assets: (Continued)

Discretely Presented Component Unit - EDA

Capital asset activity for the Authority for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 202,197	\$ -	\$ (120,168)	\$ 82,029
Construction in progress	1,807,876	503,952	(2,311,828)	-
Total capital assets not being depreciated	<u>\$ 2,010,073</u>	<u>\$ 503,952</u>	<u>\$ (2,431,996)</u>	<u>\$ 82,029</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,243,682	\$ 2,311,828	\$ (1,243,682)	\$ 2,311,828
Machinery and equipment	59,270	12,995	-	72,265
Total capital assets being depreciated	<u>\$ 1,302,952</u>	<u>\$ 2,324,823</u>	<u>\$ (1,243,682)</u>	<u>\$ 2,384,093</u>
Accumulated depreciation:				
Buildings and improvements	\$ (15,546)	\$ (28,898)	\$ 15,546	\$ (28,898)
Machinery and equipment	(29,635)	(15,746)	-	(45,381)
Total accumulated depreciation	<u>\$ (45,181)</u>	<u>\$ (44,644)</u>	<u>\$ 15,546</u>	<u>\$ (74,279)</u>
Total capital assets being depreciated, net	<u>\$ 1,257,771</u>	<u>\$ 2,280,179</u>	<u>\$ (1,228,136)</u>	<u>\$ 2,309,814</u>
Business-type activities capital assets, net	<u>\$ 3,267,844</u>	<u>\$ 2,784,131</u>	<u>\$ (3,660,132)</u>	<u>\$ 2,391,843</u>

Note 9—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, 2015

Note 10—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 11—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. 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.	\$ 4,076,894	\$ 4,513,501
Unavailable EMS revenue representing uncollected EMS billings that are not available for funding of current expenditures.	-	182,663
Prepaid taxes relating to taxes due in a future period.	169,749	169,749
Long-term capital lease receivable	-	1,530,206
Items related to the measurement of the net pension liability	<u>726,369</u>	<u>-</u>
Total deferred/unavailable revenue	<u>\$ 4,973,012</u>	<u>\$ 6,396,119</u>

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12-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 \$1,220,045. 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 13 - 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 2016 minimum monthly rental payment under this lease is \$3,600.

Note 14-Capital Lease Receivable

During the fiscal year ending June 30, 2014, the County purchased a building and related land with debt proceeds and subsequently transferred ownership to the Floyd County Economic Development Authority (EDA). During the current fiscal year, the EDA leased the building to a local corporation and assigned all rental payments to the County. For financial reporting purposes, the lease is considered a capital lease. As such, the County has recorded a long-term receivable (\$1,530,206 as of June 30, 2015) for anticipated lease payments. Terms of the lease agreement require monthly payments of \$13,542 for a period of ten years beginning on December 1, 2014. During the current fiscal year, the County recognized a gain on disposal of property of \$276,696 as a result of this transaction.

COUNTY OF FLOYD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 15–Litigation:

As of June 30, 2015, 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.

Note 16-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 2015, a total of \$1,471,680 was paid in benefits and administrative costs. Claims for the fiscal year totaled \$1,492,224. 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 \$140,864 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>
2014-15	\$ 120,320	\$ 1,492,224	\$ (1,471,680)	\$ 140,864
2013-14	78,407	1,618,279	(1,576,366)	120,320
2012-13	107,833	897,537	(926,963)	78,407

As of June 30, 2015, funds totaling \$1,204,537 were held in trust by Anthem and Delta Dental 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 17-Restatement of Beginning Net Position/Fund Balance:

	<u>General Fund</u>	<u>School Fund</u>
Fund Balance, July 1, 2014, as previously stated	7,288,556	631,023
Due to schools	(1,901,842)	1,901,842
Fund Balance, July 1, 2014, as restated	<u>5,386,714</u>	<u>2,532,865</u>

	<u>Governmental Activities</u>	<u>Component Unit-School Board</u>
Net Position, July 1, 2014, as previously stated	10,714,710	3,175,572
Net pension liability (GASB 68)	(2,477,749)	(19,439,114)
Deferred outflows of resources (GASB 68)	376,326	1,280,805
VRS net pension obligation (GASB 27)	-	99,977
Due to schools	(1,901,842)	1,901,842
Net Position, July 1, 2014, as restated	<u>6,711,445</u>	<u>(12,980,918)</u>

Note 18—Upcoming Pronouncements

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Note 18—Upcoming Pronouncements (Continued)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 9,330,274	\$ 9,330,274	\$ 10,768,989	\$ 1,438,715
Other local taxes	1,566,123	1,566,123	1,684,197	118,074
Permits, privilege fees, and regulatory licenses	101,700	101,700	126,682	24,982
Fines and forfeitures	9,500	9,500	2,737	(6,763)
Revenue from the use of money and property	143,150	143,150	185,667	42,517
Charges for services	694,915	733,986	728,572	(5,414)
Miscellaneous	6,051	6,109	52,641	46,532
Recovered costs	41,500	93,526	70,205	(23,321)
Intergovernmental:				
Commonwealth	4,012,735	4,121,047	3,639,050	(481,997)
Federal	693,855	693,855	698,993	5,138
Total revenues	<u>\$ 16,599,803</u>	<u>\$ 16,799,270</u>	<u>\$ 17,957,733</u>	<u>\$ 1,158,463</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,428,841	\$ 1,411,946	\$ 1,233,287	\$ 178,659
Judicial administration	909,888	999,260	891,424	107,836
Public safety	2,871,538	3,080,484	2,841,520	238,964
Public works	1,428,938	1,478,497	1,512,674	(34,177)
Health and welfare	2,100,669	2,122,180	1,646,621	475,559
Education	5,916,888	5,916,888	5,702,590	214,298
Parks, recreation, and cultural	278,000	278,000	273,475	4,525
Community development	246,389	263,908	259,004	4,904
Debt service:				
Principal retirement	1,224,111	1,224,111	1,213,186	10,925
Interest and other fiscal charges	560,000	560,000	553,177	6,823
Total expenditures	<u>\$ 16,965,262</u>	<u>\$ 17,335,274</u>	<u>\$ 16,126,958</u>	<u>\$ 1,208,316</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (365,459)</u>	<u>\$ (536,004)</u>	<u>\$ 1,830,775</u>	<u>\$ 2,366,779</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	\$ -	\$ -	\$ 1,750,000	\$ 1,750,000
Issuance of refunding capital lease	-	-	556,000	556,000
Debt service - capital lease refinanced	-	-	(556,000)	(556,000)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,750,000</u>	<u>\$ 1,750,000</u>
Net change in fund balances	\$ (365,459)	\$ (536,004)	\$ 3,580,775	\$ 4,116,779
Fund balances - beginning, as restated	280,239	450,784	5,386,714	4,935,930
Fund balances - ending	<u>\$ (85,220)</u>	<u>\$ (85,220)</u>	<u>\$ 8,967,489</u>	<u>\$ 9,052,709</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 439,609	\$ 442,779	\$ 219,192	\$ (223,587)
Intergovernmental:				
Commonwealth	58,279	63,393	70,304	6,911
Total revenues	\$ 497,888	\$ 506,172	\$ 289,496	\$ (216,676)
EXPENDITURES				
Current:				
Public safety	\$ 422,063	\$ 430,347	\$ 423,034	\$ 7,313
Debt service:				
Principal retirement	60,000	60,000	49,124	10,876
Interest and other fiscal charges	15,825	15,825	1,750	14,075
Total expenditures	\$ 497,888	\$ 506,172	\$ 473,908	\$ 32,264
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (184,412)	\$ (184,412)
Net change in fund balances	\$ -	\$ -	\$ (184,412)	\$ (184,412)
Fund balances - beginning	-	-	(70,354)	(70,354)
Fund balances (deficit) - ending	\$ -	\$ -	\$ (254,766)	\$ (254,766)

County of Floyd, Virginia
 Schedule of the County's Proportionate Share of the Net Pension Liability
 June 30, 2015

Measurement Date	Proportion of the Net Pension Liability (NPL)	Proportionate Share of the NPL	Covered Employee Payroll	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government - Floyd County Retirement Plan					
6/30/2014	93.96%	\$ 1,559,230	\$ 3,158,884	49.36%	88.43%
Component Unit - School Board (professional)					
6/30/2014	0.14%	\$ 16,432,000	\$ 9,942,264	165.27%	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Floyd, Virginia
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2015

	2014
Total pension liability	
Service cost	\$ 141,371
Interest	484,197
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(386,746)
Net change in total pension liability	\$ 238,822
Total pension liability - beginning	7,110,478
Total pension liability - ending (a)	\$ 7,349,300
 Plan fiduciary net position	
Contributions - employer	\$ 120,805
Contributions - employee	71,995
Net investment income	838,193
Benefit payments, including refunds of employee contributions	(386,746)
Administrative expense	(4,638)
Other	45
Net change in plan fiduciary net position	\$ 639,654
Plan fiduciary net position - beginning	5,399,364
Plan fiduciary net position - ending (b)	\$ 6,039,018
 School Division's net pension liability - ending (a) - (b)	\$ 1,310,282
 Plan fiduciary net position as a percentage of the total pension liability	82.17%
 Covered-employee payroll	\$ 1,437,871
 School Division's net pension liability as a percentage of covered-employee payroll	91.13%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Floyd, Virginia
 Schedule of Contribution Requirements
 June 30, 2015

Date	Contractually Required Employer Contribution (1)	Contributions Recognized by the Pension Plan (2)	Difference in Contributions* (1) - (2) (3)	Annual Covered Payroll (4)	Proportionate Share of Contrib. Recognized as a Percentage of Covered Payroll (2)/(4) (5)
Primary Government - Floyd County Retirement Plan					
6/30/2015	\$ 353,039	\$ 353,039	\$ -	\$ 3,230,000	10.93%
Component Unit School Board (nonprofessional)					
6/30/2015	\$ 184,301	\$ 147,441	\$ 36,860	\$ 1,423,176	10.36%
Component Unit School Board (professional)					
6/30/2015	\$ 1,408,639	\$ 1,408,639	\$ -	\$ 9,714,758	14.50%

*The difference relates to the School Board using an agreed upon reduced rate from the VRS. This amount will impact the calculation of the net pension liability in the next fiscal year.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Floyd, Virginia
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

FIDUCIARY FUNDS - AGENCY FUNDS

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

County of Floyd, Virginia
 Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Year Ended June 30, 2015

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Assets				
Current Assets				
Cash and cash equivalents				
Special Welfare Fund	\$ 5,867	\$ 62,595	\$ (60,857)	\$ 7,605
Total Assets	<u>\$ 5,867</u>	<u>\$ 62,595</u>	<u>\$ (60,857)</u>	<u>\$ 7,605</u>
Liabilities				
Amounts held for social services clients	\$ 5,867	\$ 62,595	\$ (60,857)	\$ 7,605
Total Liabilities	<u>\$ 5,867</u>	<u>\$ 62,595</u>	<u>\$ (60,857)</u>	<u>\$ 7,605</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Floyd, Virginia
Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2015

		School Operating <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$	302,751
Cash in custody of others		1,204,537
Accounts receivable		8,010
Due from primary government		1,881,043
Due from other governmental units		558,672
Inventories		23,053
Prepaid items		321,682
Total assets		<u>\$ 4,299,748</u>
LIABILITIES		
Accounts payable	\$	22,781
Accrued payroll liabilities		1,881,043
Health claim payable		140,864
Total liabilities		<u>\$ 2,044,688</u>
FUND BALANCES		
Nonspendable:		
Prepaid items and inventory	\$	344,735
Restricted:		
Cafeteria		302,751
Self health insurance		1,063,673
Unassigned		543,901
Total fund balances		<u>\$ 2,255,060</u>
Total liabilities and fund balances		<u>\$ 4,299,748</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above	\$	2,255,060
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	265,917
Buildings and improvements		2,088,361
Machinery and equipment		850,769
		<u>3,205,047</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Items related to measurement of net pension liability		(2,812,750)
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	\$	(643,932)
Net pension liability		(17,742,282)
Adjustment to proportionate share of net pension liability		822,000
		<u>(17,564,214)</u>
Pension contributions subsequent to the measurement date will be a reduction in the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		1,556,081
Net position of governmental activities		<u>\$ (13,360,776)</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, 2015

		School Operating Fund
REVENUES		
Charges for services	\$	374,726
Miscellaneous		80,235
Recovered costs		107,640
Intergovernmental:		
Local government		5,695,997
Commonwealth		11,849,837
Federal		1,656,719
Total revenues	\$	<u>19,765,154</u>
EXPENDITURES		
Current:		
Education	\$	<u>20,042,959</u>
Excess (deficiency) of revenues over (under) expenditures	\$	<u>(277,805)</u>
Net change in fund balances	\$	(277,805)
Fund balances - beginning, as restated		<u>2,532,865</u>
Fund balances - ending	\$	<u>2,255,060</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	\$	(277,805)
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.		
Capital asset additions	\$	125,321
Depreciation expense		<u>(252,307)</u> (126,986)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
(Increase) decrease in deferred inflows related to the measurement of the net pension liability		(2,812,750)
 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	\$	43,575
Increase (decrease) in deferred outflows of resources related to pension		1,097,276
(Increase) decrease in net pension liability		<u>1,696,832</u> 2,837,683
Change in net position of governmental activities	\$	<u>(379,858)</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, 2015

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Charges for services	\$ 532,225	\$ 532,225	\$ 374,726	\$ (157,499)
Miscellaneous	61,815	61,815	80,235	18,420
Recovered costs	130,390	130,390	107,640	(22,750)
Intergovernmental:				
Local government	5,910,295	5,910,295	5,695,997	(214,298)
Commonwealth	11,820,205	11,820,205	11,849,837	29,632
Federal	1,628,989	1,628,989	1,656,719	27,730
Total revenues	<u>\$ 20,083,919</u>	<u>\$ 20,083,919</u>	<u>\$ 19,765,154</u>	<u>\$ (318,765)</u>
EXPENDITURES				
Current:				
Education	\$ 20,083,919	\$ 20,083,919	\$ 20,042,959	\$ 40,960
Total expenditures	<u>\$ 20,083,919</u>	<u>\$ 20,083,919</u>	<u>\$ 20,042,959</u>	<u>\$ 40,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (277,805)</u>	<u>\$ (277,805)</u>
Net change in fund balances	\$ -	\$ -	\$ (277,805)	\$ (277,805)
Fund balances - beginning, as restated	-	-	2,532,865	2,532,865
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,255,060</u>	<u>\$ 2,255,060</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, 2015

	Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 39,747
Accounts receivable	9,366
Loan receivable - current portion	7,192
Lease receivable	23,900
Inventory, held for resale	816,203
Prepaid items	4,263
Total current assets	\$ 900,671
Noncurrent assets:	
Loan receivable - net of current portion	\$ 88,701
Restricted cash and cash equivalents	59,555
Capital assets:	
Land	82,029
Machinery and equipment	72,265
Building	2,311,828
Accumulated depreciation	(74,279)
Total capital assets	\$ 2,391,843
Total noncurrent assets	\$ 2,540,099
Total assets	\$ 3,440,770
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 939
Customers' deposits	4,700
Unearned revenue	14,066
Total liabilities	\$ 19,705
NET POSITION	
Investment in capital assets	\$ 2,391,843
Unrestricted	1,029,222
Total net position	\$ 3,421,065

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, 2015

	Enterprise Fund
OPERATING REVENUES	
IRB Fees	\$ 9,365
Use of property	4,530
Miscellaneous revenue	4,128
Total operating revenues	\$ 18,023
OPERATING EXPENSES	
Operations	\$ 80,757
Economic incentive payments	12,466
Depreciation	44,644
Total operating expenses	\$ 137,867
Operating income (loss)	\$ (119,844)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental:	
State	\$ 252,889
Federal	295,230
Interest income	3,688
Interest expense	(2,680)
Gain on sale of assets	6,699
Contribution to County of Floyd	(1,348,304)
Donation from County of Floyd	15,000
Total nonoperating revenues (expenses)	\$ (777,478)
Change in net position	\$ (897,322)
Total net position - beginning	4,318,387
Total net position - ending	\$ 3,421,065

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, 2015

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 19,318
Payments to suppliers	(245,718)
Net cash provided by (used for) operating activities	<u>\$ (226,400)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Issuance (draws) on line of credit	\$ 353,660
Principal payments on line of credit	(419,995)
Interest payments on line of credit	(2,680)
Net cash provided by (used for) noncapital financing activities	<u>\$ (69,015)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	\$ (516,947)
Sales of land	10,000
Contributions in aid of construction	740,006
Net cash provided by (used for) capital and related financing activities	<u>\$ 233,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 3,688
Loans/notes issued to customers	(8,642)
Payments received on notes/loans receivable	14,182
Net cash provided by (used for) investing activities	<u>\$ 9,228</u>
Net increase (decrease) in cash and cash equivalents	\$ (53,128)
Cash and cash equivalents - beginning (including restricted cash of \$40,653)	152,430
Cash and cash equivalents - ending (including restricted cash of \$59,555)	<u>\$ 99,302</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (119,844)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	\$ 44,644
(Increase) decrease in accounts receivable	(4,605)
(Increase) decrease in lease receivable	1,200
(Increase) decrease in prepaid items	(4,263)
Increase (decrease) in customer deposits	4,700
Increase (decrease) in accounts payables	(148,232)
Total adjustments	<u>\$ (106,556)</u>
Net cash provided by (used for) operating activities	<u>\$ (226,400)</u>
Noncash financing, investing, and capital activities:	
Contribution of building and land to Floyd County	\$ (1,348,304)

Other Supplementary Information

Supporting Schedules

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,046,074	\$ 7,046,074	\$ 8,024,837	\$ 978,763
Real and personal public service corporation taxes	191,300	191,300	283,863	92,563
Personal property taxes	1,720,100	1,720,100	1,985,513	265,413
Mobile home taxes	43,800	43,800	47,178	3,378
Machinery and tools taxes	146,500	146,500	142,064	(4,436)
Merchant's capital	62,500	62,500	75,344	12,844
DMV Stops and administration fees	5,000	5,000	30,558	25,558
Penalties	70,000	70,000	105,314	35,314
Interest	45,000	45,000	74,318	29,318
Total general property taxes	<u>\$ 9,330,274</u>	<u>\$ 9,330,274</u>	<u>\$ 10,768,989</u>	<u>\$ 1,438,715</u>
Other local taxes:				
Local sales and use taxes	\$ 783,623	\$ 783,623	\$ 824,026	\$ 40,403
Consumers' utility taxes	370,000	370,000	353,432	(16,568)
Consumption taxes	-	-	43,984	43,984
Motor vehicle licenses	350,000	350,000	396,367	46,367
Recordation tax	5,500	5,500	6,239	739
Hotel and motel room taxes	42,000	42,000	34,821	(7,179)
Other local taxes	15,000	15,000	25,328	10,328
Total other local taxes	<u>\$ 1,566,123</u>	<u>\$ 1,566,123</u>	<u>\$ 1,684,197</u>	<u>\$ 118,074</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 9,000	\$ 9,000	\$ 12,676	\$ 3,676
Transfer fees	1,000	1,000	656	(344)
Building permits	67,300	67,300	91,305	24,005
Land use application fees	8,000	8,000	4,820	(3,180)
Other permits and licenses	16,400	16,400	17,225	825
Total permits, privilege fees, and regulatory licenses	<u>\$ 101,700</u>	<u>\$ 101,700</u>	<u>\$ 126,682</u>	<u>\$ 24,982</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 9,500	\$ 9,500	\$ 2,737	\$ (6,763)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,000	\$ 50,000	\$ 22,550	\$ (27,450)
Revenue from use of property	93,150	93,150	163,117	69,967
Total revenue from use of money and property	<u>\$ 143,150</u>	<u>\$ 143,150</u>	<u>\$ 185,667</u>	<u>\$ 42,517</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 107,015	\$ 146,086	\$ 115,518	\$ (30,568)
Charges for courthouse maintenance	3,200	3,200	3,886	686
Charges for courthouse security	10,000	10,000	16,415	6,415
Recordation fees	67,500	67,500	82,607	15,107
Charges for Commonwealth's Attorney	1,000	1,000	1,995	995
Charges for sanitation and waste removal	155,000	155,000	170,073	15,073
Charges for emergency medical services	350,000	350,000	334,988	(15,012)
Charges for library	1,200	1,200	1,715	515
Jail admission fees	-	-	1,375	1,375
Total charges for services	<u>\$ 694,915</u>	<u>\$ 733,986</u>	<u>\$ 728,572</u>	<u>\$ (5,414)</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 6,051	\$ 6,109	\$ 15,629	\$ 9,520
Restitution	-	-	37,012	37,012
Total miscellaneous revenue	<u>\$ 6,051</u>	<u>\$ 6,109</u>	<u>\$ 52,641</u>	<u>\$ 46,532</u>
Recovered costs:				
Welfare recoveries	\$ 6,000	\$ 6,000	\$ 26,612	\$ 20,612
Insurance recoveries	20,000	34,393	11,059	(23,334)
Health department	500	500	-	(500)
Other recovered costs	15,000	52,633	32,534	(20,099)
Total recovered costs	<u>\$ 41,500</u>	<u>\$ 93,526</u>	<u>\$ 70,205</u>	<u>\$ (23,321)</u>
Total revenue from local sources	<u>\$ 11,893,213</u>	<u>\$ 11,984,368</u>	<u>\$ 13,619,690</u>	<u>\$ 1,635,322</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ 15,000	\$ 15,000	\$ 25,702	\$ 10,702
Motor vehicle carriers tax	100	100	140	40
Motor vehicle rental tax	1,250	1,250	2,886	1,636
State budget reduction	-	-	(19,713)	(19,713)
State recordation tax	30,358	30,358	31,792	1,434
Communication tax	623,000	623,000	618,538	(4,462)
Personal property tax relief funds	925,741	925,741	925,741	-
Total noncategorical aid	<u>\$ 1,595,449</u>	<u>\$ 1,595,449</u>	<u>\$ 1,585,086</u>	<u>\$ (10,363)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 179,735	\$ 232,643	\$ 228,140	\$ (4,503)
Sheriff	708,867	711,617	706,290	(5,327)
Commissioner of revenue	81,217	81,217	81,163	(54)
Treasurer	82,824	82,824	82,290	(534)
Registrar/electoral board	37,819	37,819	36,271	(1,548)
Clerk of the Circuit Court	184,208	184,208	186,291	2,083
Total shared expenses	<u>\$ 1,274,670</u>	<u>\$ 1,330,328</u>	<u>\$ 1,320,445</u>	<u>\$ (9,883)</u>
Other categorical aid:				
Welfare payments	\$ 448,152	\$ 448,152	\$ 286,678	\$ (161,474)
CSA payments	508,593	530,104	251,040	(279,064)
State and local foster care	5,000	5,000	5,000	-
Litter control grant	7,000	7,000	7,007	7
VITA mapping grants	85,000	85,000	77,979	(7,021)
State E-911 program	45,000	45,000	56,009	11,009
Public safety grants	41,916	49,970	5,926	(44,044)
VJCCA grant	-	-	6,385	6,385
Local law enforcement block grant	1,955	1,955	1,955	-
Clerk of the court technology grant	-	-	12,750	12,750
State seizures	-	23,089	22,790	(299)
Total other categorical aid	<u>\$ 1,142,616</u>	<u>\$ 1,195,270</u>	<u>\$ 733,519</u>	<u>\$ (461,751)</u>
Total categorical aid	<u>\$ 2,417,286</u>	<u>\$ 2,525,598</u>	<u>\$ 2,053,964</u>	<u>\$ (471,634)</u>
Total revenue from the Commonwealth	<u>\$ 4,012,735</u>	<u>\$ 4,121,047</u>	<u>\$ 3,639,050</u>	<u>\$ (481,997)</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 15,124	\$ (2,376)
Categorical aid:				
Welfare payments	\$ 586,283	\$ 586,283	\$ 586,283	\$ -
Comprehensive service act	38,322	38,322	38,322	-
Emergency management preparedness grant	7,500	7,500	15,000	7,500
Violence against women grants	31,000	31,000	31,000	-
Open container/driver impaired grant	13,250	13,250	13,264	14
Total categorical aid	<u>\$ 676,355</u>	<u>\$ 676,355</u>	<u>\$ 683,869</u>	<u>\$ 7,514</u>
Total revenue from the federal government	<u>\$ 693,855</u>	<u>\$ 693,855</u>	<u>\$ 698,993</u>	<u>\$ 5,138</u>
Total General Fund	<u>\$ 16,599,803</u>	<u>\$ 16,799,270</u>	<u>\$ 17,957,733</u>	<u>\$ 1,158,463</u>
Special Revenue Fund:				
Fire and Rescue Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 313,609	\$ 316,779	\$ 153,219	\$ (163,560)
Real and personal public service corporation taxes	10,000	10,000	5,793	(4,207)
Personal property taxes	115,000	115,000	59,199	(55,801)
Mobile home taxes	1,000	1,000	981	(19)
Total general property taxes	<u>\$ 439,609</u>	<u>\$ 442,779</u>	<u>\$ 219,192</u>	<u>\$ (223,587)</u>
Total revenue from local sources	<u>\$ 439,609</u>	<u>\$ 442,779</u>	<u>\$ 219,192</u>	<u>\$ (223,587)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program funds	\$ 43,000	\$ 47,202	\$ 54,113	\$ 6,911
Four-for-life	15,279	16,191	16,191	-
Total categorical aid	<u>\$ 58,279</u>	<u>\$ 63,393</u>	<u>\$ 70,304</u>	<u>\$ 6,911</u>
Total revenue from the Commonwealth	<u>\$ 58,279</u>	<u>\$ 63,393</u>	<u>\$ 70,304</u>	<u>\$ 6,911</u>
Total Fire and Rescue Fund	<u>\$ 497,888</u>	<u>\$ 506,172</u>	<u>\$ 289,496</u>	<u>\$ (216,676)</u>
Total Primary Government	<u>\$ 17,097,691</u>	<u>\$ 17,305,442</u>	<u>\$ 18,247,229</u>	<u>\$ 941,787</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Charges for services:				
Tuition and payments from other divisions	\$ 14,000	\$ 14,000	\$ 7,794	\$ (6,206)
Cafeteria	465,000	465,000	344,078	(120,922)
Other charges for services	53,225	53,225	22,854	(30,371)
Total charges for services	<u>\$ 532,225</u>	<u>\$ 532,225</u>	<u>\$ 374,726</u>	<u>\$ (157,499)</u>
Miscellaneous revenue:				
Donations	\$ 1,000	\$ 1,000	\$ 1,050	\$ 50
Sale of supplies and equipment	6,000	6,000	5,116	(884)
Other miscellaneous	54,815	54,815	74,069	19,254
Total miscellaneous revenue	<u>\$ 61,815</u>	<u>\$ 61,815</u>	<u>\$ 80,235</u>	<u>\$ 18,420</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 90,390	\$ 90,390	\$ 53,999	\$ (36,391)
Insurance recoveries	-	-	4,102	4,102
Medicaid payments	40,000	40,000	49,539	9,539
Total recovered costs	<u>\$ 130,390</u>	<u>\$ 130,390</u>	<u>\$ 107,640</u>	<u>\$ (22,750)</u>
Total revenue from local sources	<u>\$ 724,430</u>	<u>\$ 724,430</u>	<u>\$ 562,601</u>	<u>\$ (161,829)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Floyd, Virginia	\$ 5,910,295	\$ 5,910,295	\$ 5,695,997	\$ (214,298)
Total revenues from local governments	<u>\$ 5,910,295</u>	<u>\$ 5,910,295</u>	<u>\$ 5,695,997</u>	<u>\$ (214,298)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,327,144	\$ 2,327,144	\$ 2,352,821	\$ 25,677
Basic school aid	5,941,926	5,941,926	5,934,980	(6,946)
Remedial summer education	63,080	63,080	60,557	(2,523)
Foster care	13,500	13,500	31,183	17,683
Gifted and talented	61,115	61,115	61,097	(18)
Remedial education	172,942	172,942	172,893	(49)
Special education	864,712	864,712	864,465	(247)
Textbook payment	48,892	48,892	-	(48,892)
Vocational standards of quality payments	105,326	105,326	105,296	(30)
Vocational adult education	-	-	712	712
School food	20,218	20,218	15,281	(4,937)
Social security fringe benefits	365,390	365,390	365,285	(105)
Retirement fringe benefits	742,482	742,482	742,270	(212)
Group life insurance benefits	23,406	23,406	23,399	(7)
State lottery payments	76,225	76,225	125,081	48,856
Early reading intervention	18,634	18,634	22,775	4,141
Homebound education	5,245	5,245	4,925	(320)
ISAEF	7,859	7,859	7,859	-
Vocational education - equipment	4,498	4,498	4,498	-
Vocational occupational preparedness	32,532	32,532	38,182	5,650
School security grants	94,414	94,414	94,414	-
Special education - foster care	44,176	44,176	40,588	(3,588)
At risk payments	156,582	156,582	156,582	-
Primary class size	219,646	219,646	217,731	(1,915)
Technology	180,000	180,000	180,000	-
Standards of Learning algebra readiness	25,470	25,470	23,400	(2,070)
At risk four-year olds	152,802	152,802	152,802	-
Mentor teach program	1,300	1,300	2,259	959
English as a second language	38,235	38,235	39,455	1,220
Other state funds	12,454	12,454	9,047	(3,407)
Total categorical aid	<u>\$ 11,820,205</u>	<u>\$ 11,820,205</u>	<u>\$ 11,849,837</u>	<u>\$ 29,632</u>
Total revenue from the Commonwealth	<u>\$ 11,820,205</u>	<u>\$ 11,820,205</u>	<u>\$ 11,849,837</u>	<u>\$ 29,632</u>

County of Floyd, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 473,560	\$ 473,560	\$ 394,152	\$ (79,408)
Title VI-B, special education flow-through	510,269	510,269	513,115	2,846
Title VI-B, special education pre-school	21,736	21,736	21,736	-
Vocational education	36,001	36,001	35,903	(98)
AP testing	666	666	666	-
Improving teacher quality	71,257	71,257	68,665	(2,592)
English language acquisition skills	5,615	5,615	3,197	(2,418)
School food	509,885	509,885	619,285	109,400
Total categorical aid	<u>\$ 1,628,989</u>	<u>\$ 1,628,989</u>	<u>\$ 1,656,719</u>	<u>\$ 27,730</u>
Total revenue from the federal government	<u>\$ 1,628,989</u>	<u>\$ 1,628,989</u>	<u>\$ 1,656,719</u>	<u>\$ 27,730</u>
Total School Operating Fund	<u>\$ 20,083,919</u>	<u>\$ 20,083,919</u>	<u>\$ 19,765,154</u>	<u>\$ (318,765)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 20,083,919</u>	<u>\$ 20,083,919</u>	<u>\$ 19,765,154</u>	<u>\$ (318,765)</u>

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 73,834	\$ 74,070	\$ 69,579	\$ 4,491
General and financial administration:				
County administrator	\$ 279,932	\$ 297,472	\$ 302,046	\$ (4,574)
Contingency	232,612	67,454	-	67,454
Legal services	40,153	40,153	33,873	6,280
Commissioner of revenue	277,365	277,365	230,486	46,879
Reassessment	116,700	234,907	210,270	24,637
Audit	65,000	65,000	46,800	18,200
Treasurer	216,985	227,250	218,731	8,519
Total general and financial administration	\$ 1,228,747	\$ 1,209,601	\$ 1,042,206	\$ 167,395
Board of elections:				
Electoral board and officials	\$ 27,764	\$ 29,164	\$ 23,522	\$ 5,642
Registrar	98,496	99,111	97,980	1,131
Total board of elections	\$ 126,260	\$ 128,275	\$ 121,502	\$ 6,773
Total general government administration	\$ 1,428,841	\$ 1,411,946	\$ 1,233,287	\$ 178,659
Judicial administration:				
Courts:				
Circuit court	\$ 13,360	\$ 13,360	\$ 9,059	\$ 4,301
General district court	2,600	2,600	1,539	1,061
Magistrates office	750	815	849	(34)
Juvenile and domestic court	30,400	30,400	18,864	11,536
Clerk of the circuit court	293,107	317,892	298,444	19,448
Sheriff (court)	302,929	303,659	274,747	28,912
Total courts	\$ 643,146	\$ 668,726	\$ 603,502	\$ 65,224
Commonwealth's attorney:				
Commonwealth's attorney	\$ 266,742	\$ 330,534	\$ 287,922	\$ 42,612
Total judicial administration	\$ 909,888	\$ 999,260	\$ 891,424	\$ 107,836
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 13,175	\$ 13,600	\$ 13,600	\$ -
Sheriff	1,303,411	1,479,374	1,265,211	214,163
Total law enforcement and traffic control	\$ 1,316,586	\$ 1,492,974	\$ 1,278,811	\$ 214,163
Fire and rescue services:				
Public safety	\$ 97,078	\$ 97,078	\$ 92,920	\$ 4,158
E-911	275,326	275,326	256,132	19,194
Emergency medical services	456,279	456,279	437,608	18,671
Total fire and rescue services	\$ 828,683	\$ 828,683	\$ 786,660	\$ 42,023
Correction and detention:				
Contribution to Regional Jail	\$ 425,000	\$ 449,377	\$ 479,517	\$ (30,140)

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 197,216	\$ 205,125	\$ 205,666	\$ (541)
Other protection:				
Forest service	\$ 13,069	\$ 13,069	\$ 11,011	\$ 2,058
Animal control	90,584	90,856	79,555	11,301
Medical examiner	400	400	300	100
Total other protection	\$ 104,053	\$ 104,325	\$ 90,866	\$ 13,459
Total public safety	\$ 2,871,538	\$ 3,080,484	\$ 2,841,520	\$ 238,964
Public works:				
Sanitation and waste removal:				
Refuse collection and disposal	\$ 1,072,478	\$ 1,091,464	\$ 1,098,750	\$ (7,286)
Recycling program	97,092	99,993	104,000	(4,007)
Total sanitation and waste removal	\$ 1,169,570	\$ 1,191,457	\$ 1,202,750	\$ (11,293)
Maintenance of general buildings and grounds:				
Maintenance of properties	\$ 259,368	\$ 287,040	\$ 309,924	\$ (22,884)
Total public works	\$ 1,428,938	\$ 1,478,497	\$ 1,512,674	\$ (34,177)
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	\$ 1,363,125	\$ 1,382,625	\$ 1,087,791	\$ 294,834
Comprehensive services act	600,000	602,011	421,286	180,725
New River Valley Area on Aging	5,220	5,220	5,220	-
Total welfare	\$ 1,968,345	\$ 1,989,856	\$ 1,514,297	\$ 475,559
Total health and welfare	\$ 2,100,669	\$ 2,122,180	\$ 1,646,621	\$ 475,559
Education:				
Other instructional costs:				
Contribution to Community College	\$ 6,593	\$ 6,593	\$ 6,593	\$ -
Contribution to County School Board	5,910,295	5,910,295	5,695,997	214,298
Total education	\$ 5,916,888	\$ 5,916,888	\$ 5,702,590	\$ 214,298
Parks, recreation, and cultural:				
Parks and recreation:				
Contribution to Floyd Parks and Recreation Authority	\$ 55,000	\$ 55,000	\$ 55,000	\$ -
Library:				
County library	\$ 223,000	\$ 223,000	\$ 218,475	\$ 4,525
Total parks, recreation, and cultural	\$ 278,000	\$ 278,000	\$ 273,475	\$ 4,525

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<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	\$ 124,725	\$ 129,877	\$ 136,914	\$ (7,037)
Planning	4,000	4,000	1,910	2,090
New River Valley Planning District Commission	18,865	24,437	26,583	(2,146)
Total planning and community development	<u>\$ 147,590</u>	<u>\$ 158,314</u>	<u>\$ 165,407</u>	<u>\$ (7,093)</u>
Environmental management:				
Soil conservation	\$ 11,500	\$ 11,500	\$ 11,500	\$ -
Cooperative extension program:				
Extension office	\$ 87,299	\$ 94,094	\$ 82,097	\$ 11,997
Total community development	<u>\$ 246,389</u>	<u>\$ 263,908</u>	<u>\$ 259,004</u>	<u>\$ 4,904</u>
Debt service:				
Principal retirement	\$ 1,224,111	\$ 1,224,111	\$ 1,213,186	\$ 10,925
Interest and other fiscal charges	560,000	560,000	553,177	6,823
Total debt service	<u>\$ 1,784,111</u>	<u>\$ 1,784,111</u>	<u>\$ 1,766,363</u>	<u>\$ 17,748</u>
Total General Fund	<u>\$ 16,965,262</u>	<u>\$ 17,335,274</u>	<u>\$ 16,126,958</u>	<u>\$ 1,208,316</u>
Special Revenue Fund:				
Fire and Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 422,063	\$ 430,347	\$ 423,034	\$ 7,313
Debt service:				
Principal retirement	\$ 60,000	\$ 60,000	\$ 49,124	\$ 10,876
Interest and other fiscal charges	15,825	15,825	1,750	14,075
Total debt service	<u>\$ 75,825</u>	<u>\$ 75,825</u>	<u>\$ 50,874</u>	<u>\$ 24,951</u>
Total Fire and Rescue Fund	<u>\$ 497,888</u>	<u>\$ 506,172</u>	<u>\$ 473,908</u>	<u>\$ 32,264</u>
Total Primary Government	<u>\$ 17,463,150</u>	<u>\$ 17,841,446</u>	<u>\$ 16,600,866</u>	<u>\$ 1,240,580</u>
Discretely Presented Component Unit - School Board				
School Operating Fund:				
Education:				
Administration of schools:				
Administration and health services	\$ 742,317	\$ 742,317	\$ 734,007	\$ 8,310
Instructional costs:				
Instructional costs	\$ 12,949,709	\$ 12,949,709	\$ 13,023,503	\$ (73,794)
Operating costs:				
Pupil transportation	\$ 1,710,776	\$ 1,710,776	\$ 1,650,572	\$ 60,204
Operation and maintenance services	2,417,928	2,417,928	2,407,567	10,361
School food service	995,984	995,984	988,074	7,910

County of Floyd, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

<u>Fund, Function, Activity, and Element</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)				
Education: (Continued)				
Technology	\$ 1,267,205	\$ 1,267,205	\$ 1,239,236	\$ 27,969
Total operating costs	\$ 6,391,893	\$ 6,391,893	\$ 6,285,449	\$ 106,444
 Total School Operating Fund	 \$ 20,083,919	 \$ 20,083,919	 \$ 20,042,959	 \$ 40,960
 Total Discretely Presented Component Unit - School Board	 \$ 20,083,919	 \$ 20,083,919	 \$ 20,042,959	 \$ 40,960

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
2014-15	\$ 1,166,572	\$ 870,484	\$ 3,344,721	\$ 1,732,404	\$ 1,576,986	\$ 6,107,460	\$ 314,111	\$ 261,084	\$ 544,738	\$ 15,918,561
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

Notes:

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

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES							Total
	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			
2014-15	\$ 964,336	\$ 2,717,408	\$ 90,729	\$ 10,884,157	\$ 1,684,197	\$ 90,873	\$ 52,641	\$ 1,600,210	\$ 18,084,551			
2013-14	792,635	3,152,668	26,535	10,476,419	1,632,967	263,667	5,219	1,620,369	17,970,479			
2012-13	828,529	2,703,733	18,655	10,026,812	2,332,055	36,829	7,133	947,258	16,901,004			
2011-12	867,964	3,227,246	17,420	9,978,277	2,279,216	37,118	6,228	950,845	17,364,314			
2010-11	669,200	2,448,965	15,469	9,430,383	2,396,573	59,097	7,891	942,652	15,970,230			
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			

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

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

Fiscal Year	General Government Administration (3)	Judicial Administration(4)	Public Safety (4)	Public Works (3)	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development (5)	Debt Service	Total
2014-15	\$ 1,233,287	\$ 891,424	\$ 3,264,554	\$ 1,512,674	\$ 1,646,621	\$ 20,049,552	\$ 273,475	\$ 259,004	\$ 1,817,237	\$ 30,947,828
2013-14	1,146,905	896,080	3,268,916	1,539,330	2,045,758	19,583,094	263,000	1,791,284	1,878,772	32,413,139
2012-13	1,399,783	643,972	3,179,691	1,169,183	1,716,104	18,550,878	267,787	427,993	1,887,332	29,242,723
2011-12	1,344,702	652,992	3,152,116	1,156,775	1,703,558	17,860,304	252,587	383,339	1,880,725	28,387,098
2010-11	1,189,294	570,491	3,133,541	1,482,318	1,577,706	19,021,947	242,195	414,213	1,731,103	29,362,808
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

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

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

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

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

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

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
2014-15	\$ 10,988,181	\$ 1,684,197	\$ 126,682	\$ 2,737	\$ 185,667	\$ 1,103,298	\$ 132,876	\$ 177,845	\$ 17,914,903	\$ 32,316,386
2013-14	10,313,229	1,632,967	114,441	3,357	263,667	990,430	47,943	108,587	17,805,672	31,280,293
2012-13	9,999,012	2,293,901	118,534	1,296	76,380	1,129,802	38,987	279,633	16,665,184	30,602,729
2011-12	10,023,595	2,249,172	113,667	2,019	80,318	1,232,726	17,790	340,457	16,756,774	30,816,518
2010-11	9,352,323	2,284,927	103,143	369	98,406	1,211,318	27,580	219,914	16,377,285	29,675,265
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

(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
2014-15	\$ 10,667,263	\$ 10,382,783	97.33%	\$ 395,208	\$ 10,777,991	101.04%
2013-14	10,567,840	10,225,051	96.76%	310,415	10,535,466	99.69%
2012-13	11,638,602	11,320,876	97.27%	127,339	11,448,215	98.36%
2011-12	11,503,857	11,199,325	97.35%	136,163	11,335,488	98.54%
2010-11	11,198,967	10,865,523	97.02%	242,866	11,108,389	99.19%
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%

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

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
2014-15	\$ 1,729,802,350	\$ 100,337,126	\$ 9,001,502	\$ 2,166,141	\$ 56,699,842	\$ 9,805,608	\$ 1,907,812,569
2013-14	1,718,580,400	99,049,234	9,547,310	1,978,236	52,179,669	9,624,608	1,890,959,457
2012-13	1,713,460,100	96,726,393	9,576,889	1,668,252	51,951,775	9,642,650	1,883,026,059
2011-12	1,698,467,400	94,384,042	10,213,298	1,540,093	56,284,341	9,685,700	1,870,574,874
2010-11	1,685,064,100	93,824,459	7,233,844	1,668,037	50,096,979	9,685,500	1,847,572,919
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

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

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
2014-15	\$ 0.50	\$ 2.95	\$ 1.55	\$ 3.50	\$ 0.50
2013-14	0.50	2.95	1.55	3.50	0.50
2012-13	0.50	2.95	1.55	3.50	0.50
2011-12	0.50	2.95	1.55	3.50	0.50
2010-11	0.47	2.70	1.55	3.50	0.47
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

(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
2014-15	15,279	\$ 1,907,812,569	\$ 8,963,331	8,963,331	0.47%	\$ 587
2013-14	15,279	1,890,959,457	10,566,179	10,566,179	0.56%	692
2012-13	15,279	1,883,026,059	11,680,581	11,680,581	0.62%	764
2011-12	15,279	1,870,574,874	12,875,145	12,875,145	0.69%	843
2010-11	15,279	1,847,572,919	13,991,379	13,991,379	0.76%	916
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

(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
2014-15	\$ 1,262,310	\$ 554,927	\$ 1,817,237	\$ 30,947,828	5.87%
2013-14	1,274,664	604,108	1,878,772	32,413,139	5.80%
2012-13	1,194,564	559,182	1,753,746	29,242,723	6.00%
2011-12	1,116,234	623,310	1,739,544	28,387,098	6.13%
2010-11	921,074	673,887	1,594,961	29,362,808	5.43%
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%

(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

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, 2015, 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 16, 2015.

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. (2015-001 and 2015-002)

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, Fauner, Co. Associates

Blacksburg, Virginia
November 16, 2015

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, 2015. 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, 2015.

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 16, 2015

County of Floyd, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

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	0950113, 0950114	\$ 9,706
Temporary Assistance for Needy Families	93.558	0400114, 0400115	101,719
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114, 0500115	152
Low-Income Home Energy Assistance	93.568	0600414, 0600415	11,256
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114, 0760115	17,886
Chafee Education and Training Vouchers Program	93.599	9160113, 9160114	1,104
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114, 0900115	707
Foster Care - Title IV-E	93.658	1100114, 1100115	74,602
Adoption Assistance	93.659	1120114, 1120115	37,429
Social Services Block Grant	93.667	1000114, 1000115	108,254
Chafee Foster Care Independence Program	93.674	9150114, 9150115	1,760
Children's Health Insurance Program	93.767	0540114, 0540115	3,655
Medical Assistance Program	93.778	1200114, 1200115	<u>134,059</u>
Total Department of Health and Human Services			<u>\$ 502,289</u>
Department of Agriculture:			
Direct Payments:			
Rural Business Enterprise Grants	10.769	Not applicable	51,117
Pass Through Payments:			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Distribution (Note 3)	10.559	Not available	441
Summer Food Service Program for Children	10.559	Not available	<u>14,817</u>
Summer Food Service Program for Children Subtotal	10.559		15,258
Food Distribution (Note 3)	10.555	Not available	65,436
Department of Education:			
National School Lunch Program	10.555	40623	<u>406,916</u>
National School Lunch Program Subtotal	10.555		472,352
School Breakfast Program	10.553	40591	131,675
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010114, 0010115 0040114, 0040115	<u>122,316</u>
Total Department of Agriculture			<u>\$ 792,718</u>
Department of Commerce			
Direct payments:			
Investments in Public Works and Economic Development Facilities	11.300	Not applicable	<u>\$ 244,114</u>

County of Floyd, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Pass Through Payments:			
Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	13WFAX0043 14WFAX0038	\$ 31,000
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2014-54061-5309 154AL-2015-55050-5789	\$ 13,263
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52742	15,000
Department of Education:			
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	42901	\$ 394,152
Special Education Cluster:			
Special Education - Grants to States	84.027	43071	513,115
Special Education - Preschool Grants	84.173	62521	21,736
Career and Technical Education: Basic Grants to States	84.048	61095	35,903
Advanced Placement Incentive Program Grants	84.330	60957	666
English Language Acquisition State Grants	84.365	86783	3,197
Improving Teacher Quality State Grants	84.367	61480	68,665
Total Department of Education			\$ 1,037,434
Total Expenditures of Federal Awards			\$ 2,635,818

County of Floyd, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2015

Federal Grantor/State Pass - Through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
---	---------------------------	---	-------------------------

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Floyd County, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. 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.

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, *Cost Principles for State, Local, and Indian Tribal Governments*, 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	\$ 698,993
Less: Payment in lieu of taxes	<u>(15,124)</u>

Total primary government	<u>\$ 683,869</u>
--------------------------	-------------------

Component Unit School Board:

School Operating Fund	<u>\$ 1,656,719</u>
-----------------------	---------------------

Component Unit EDA:	<u>\$ 295,230</u>
---------------------	-------------------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,635,818</u></u>
---	----------------------------

County of Floyd, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559 84.010 84.027/84.173	Child Nutrition Cluster Title I, Grants to Local Educational Agencies Special Education Cluster

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

County of Floyd, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

2015-001

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.

2015-002

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
For the Year Ended June 30, 2015

Section II - Financial Statement Findings (Continued)

2015-002 (Continued)

Recommendation: The County should review the auditors' proposed audit adjustments for 2015 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 2015 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

There were no federal award findings in the prior year.