

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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## INTRODUCTORY SECTION

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COUNTY OF ALLEGHANY, VIRGINIA

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BOARD OF SUPERVISORS

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Stephen A. Bennett, Chairman  
Cletus W. Nicely, Vice Chairman  
Paige R. Morgan  
Shannon P. Cox

Suzanne T. Adcock  
Richard L. Shull  
G. Matt Garten

COUNTY SCHOOL BOARD

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Randall Tucker, Chairman  
R. Craig Lane  
William W. Angle  
Benjamin Truett, Vice-Chairman

Jacob Wright  
Amber Kerns  
Norman L. Persinger

SOCIAL SERVICES BOARD

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Sherry W. Stull, Chairman  
Carole T. Gibson, Vice Chairman  
Stephanie Clark

John G. Hudson

David Bryant  
Shannon Cox

OTHER OFFICIALS

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Clerk of the Circuit Court ..... Debra N. Byer  
Commissioner of the Revenue ..... Valerie Bruffey  
Treasurer ..... Wanda Simpson  
Sheriff ..... Kevin Hall  
Director of Social Services ..... Suzanne T. Adcock  
County Administrator ..... John Strutner  
County Attorney ..... Jim Guynn

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors' Report

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To The Board of Supervisors  
County of Alleghany, Virginia  
Covington, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, 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 15 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 budgetary comparison information, and the schedules related to pension and OPEB funding on pages 69, 70, and 71-75 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 Alleghany, 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.

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 January 11, 2016, on our consideration of the County of Alleghany, 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 Alleghany, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Co. Associates*

Blacksburg, Virginia  
January 11, 2016

## Basic Financial Statements

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

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,797,163	1,851,687	\$ 12,648,850	\$ 3,586,105
Cash in custody of others	-	-	-	418,676
Receivables (net of allowance for uncollectibles):				
Taxes receivable	697,382	-	697,382	-
Accounts receivable	36,804	437,366	474,170	63,268
Due from primary government	-	-	-	1,942,767
Due from other governmental units	1,811,180	-	1,811,180	357,486
Inventories	6,412	13,898	20,310	11,433
Prepaid items	-	-	-	380,952
Restricted assets:				
Cash and cash equivalents	-	44,716	44,716	-
Cash and cash equivalents - debt reserve funds	-	517,396	517,396	-
Capital assets (net of accumulated depreciation):				
Land	3,545,682	12,980	3,558,662	971,024
Buildings and improvements	24,801,193	-	24,801,193	6,282,537
Machinery and equipment	1,630,741	395,083	2,025,824	1,734,206
Infrastructure	-	40,470,325	40,470,325	-
Construction in progress	46,041	244,886	290,927	-
Total assets	<u>\$ 43,372,598</u>	<u>\$ 43,988,337</u>	<u>\$ 87,360,935</u>	<u>\$ 15,748,454</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	\$ 931,986	\$ 67,560	\$ 999,546	\$ 1,885,894
<b>LIABILITIES</b>				
Accounts payable	\$ 636,597	\$ 397,183	\$ 1,033,780	\$ 66,534
Accrued liabilities	219,608	29,328	248,936	2,063,554
Customers' deposits	-	44,716	44,716	-
Accrued interest payable	173,351	12,966	186,317	-
Due to component unit	1,942,767	-	1,942,767	-
Long-term liabilities:				
Due within one year	1,813,260	630,005	2,443,265	127,979
Due in more than one year	16,098,965	9,899,363	25,998,328	21,055,054
Total liabilities	<u>\$ 20,884,548</u>	<u>\$ 11,013,561</u>	<u>\$ 31,898,109</u>	<u>\$ 23,313,121</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 16,512	\$ -	\$ 16,512	\$ -
Items related to measurement of net pension liability	1,559,128	113,477	1,672,605	3,623,508
Change in proportionate share of net pension liability	-	-	-	1,658,000
Total deferred inflows of resources	<u>\$ 1,575,640</u>	<u>\$ 113,477</u>	<u>\$ 1,689,117</u>	<u>\$ 5,281,508</u>
<b>NET POSITION</b>				
Net Investment in capital assets	\$ 18,570,094	\$ 31,117,128	\$ 49,687,222	\$ 8,987,767
Restricted:				
Jail Operations	200,899	-	200,899	392,385
CDBG Housing	29,135	-	29,135	-
Law Library	19,334	-	19,334	-
Asset Forfeiture Funds	94,260	-	94,260	-
Indoor Plumbing Rehab	45,471	-	45,471	-
Emergency Repair Fund	44,867	-	44,867	-
Debt Service Reserves	-	517,396	517,396	-
School Cafeterias	-	-	-	418,676
Health insurance	339,578	-	339,578	-
Unrestricted	2,500,758	1,294,335	3,795,093	(20,759,109)
Total net position	<u>\$ 21,844,396</u>	<u>\$ 32,928,859</u>	<u>\$ 54,773,255</u>	<u>\$ (10,960,281)</u>

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

County of Alleghany, 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	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 1,978,765	\$ 91,190	\$ 303,874	\$ -	\$ (1,583,701)	\$ -	\$ (1,583,701)
Judicial administration	1,476,156	7,224	802,543	-	(666,389)	-	(666,389)
Public safety	5,962,056	79,962	2,410,684	-	(3,471,410)	-	(3,471,410)
Public works	3,332,512	312,890	22,473	-	(2,997,149)	-	(2,997,149)
Health and welfare	3,647,251	-	2,992,676	-	(654,575)	-	(654,575)
Education	10,707,726	-	2,384,096	-	(8,323,630)	-	(8,323,630)
Parks, recreation, and cultural	720,544	34,887	5,000	-	(680,657)	-	(680,657)
Community development	465,186	-	-	-	(465,186)	-	(465,186)
Interest on long-term debt	324,331	-	-	-	(324,331)	-	(324,331)
Total governmental activities	\$ 28,614,527	\$ 526,153	\$ 8,921,346	\$ -	\$ (19,167,028)	\$ -	\$ (19,167,028)
Business-type activities:							
Water and Sewer Fund	\$ 4,433,153	\$ 4,096,543	\$ -	\$ 7,693	\$ -	\$ (328,917)	\$ (328,917)
Total primary government	\$ 33,047,680	\$ 4,622,696	\$ 8,921,346	\$ 7,693	\$ (19,167,028)	\$ (328,917)	\$ (19,495,945)
<b>COMPONENT UNIT:</b>							
School Board	\$ 26,179,097	\$ 514,874	\$ 14,954,845	\$ -	\$ -	\$ -	\$ (10,709,378)
Total component unit	\$ 26,179,097	\$ 514,874	\$ 14,954,845	\$ -	\$ -	\$ -	\$ (10,709,378)
General revenues:							
General property taxes					\$ 16,165,901	\$ -	\$ 16,165,901
Other local taxes							
Local sales and use taxes					812,752	-	812,752
Consumers' utility taxes					274,662	-	274,662
Business license taxes					383,397	-	383,397
Utility consumption taxes					222,003	-	222,003
Motor vehicle licenses					393,664	-	393,664
Restaurant food taxes					351,684	-	351,684
Transient lodging taxes					194,637	-	194,637
Other local taxes					58,571	-	58,571
Unrestricted revenues from use of money and property					59,723	15,012	74,735
Miscellaneous					232,416	12,066	244,482
Payments from the County of Alleghany					-	-	-
Grants and contributions not restricted to specific programs					2,397,886	-	2,397,886
Transfers					(164,873)	164,873	-
Total general revenues and transfers					\$ 21,382,423	\$ 191,951	\$ 21,574,374
Change in net position					\$ 2,215,395	\$ (136,966)	\$ 2,078,429
Net position - beginning, as restated					19,629,001	33,065,825	52,694,826
Net position - ending					\$ 21,844,396	\$ 32,928,859	\$ 54,773,255

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

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

	<u>General Fund</u>	<u>Special Law Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,252,352	\$ 205,233	\$ 10,457,585
Receivables (net of allowance for uncollectibles):			
Taxes receivable	697,382	-	697,382
Accounts receivable	36,804	-	36,804
Due from other governmental units	1,811,180	-	1,811,180
Inventories	6,412	-	6,412
Total assets	<u>\$ 12,804,130</u>	<u>\$ 205,233</u>	<u>\$ 13,009,363</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 632,263	\$ 4,334	\$ 636,597
Accrued liabilities	219,608	-	219,608
Due to component unit	1,942,767	-	1,942,767
Total liabilities	<u>\$ 2,794,638</u>	<u>\$ 4,334</u>	<u>\$ 2,798,972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 525,865	\$ -	\$ 525,865
Unavailable revenue - prepaid taxes	16,512	-	16,512
Total deferred inflows of resources	<u>\$ 542,377</u>	<u>\$ -</u>	<u>\$ 542,377</u>
<b>Fund balances:</b>			
Nonspendable			
Inventory	\$ 6,412	\$ -	\$ 6,412
Restricted			
Jail Operations	-	200,899	200,899
CDBG Housing	29,135	-	29,135
Law Library	19,334	-	19,334
Asset Forfeiture Funds	94,260	-	94,260
Indoor Plumbing Rehab	45,471	-	45,471
Emergency Repair Fund	44,867	-	44,867
Assigned			
Capital projects	478,761	-	478,761
Unassigned	8,748,875	-	8,748,875
Total fund balances	<u>\$ 9,467,115</u>	<u>\$ 200,899</u>	<u>\$ 9,668,014</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,804,130</u>	<u>\$ 205,233</u>	<u>\$ 13,009,363</u>

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

County of Alleghany, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2015

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	9,668,014
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	3,545,682	
Buildings and improvements		24,801,193	
Machinery and equipment		1,630,741	
Construction in progress		46,041	
		30,023,657	30,023,657
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	\$	525,865	
Items related to measurement of net pension liability		(1,559,128)	
		(1,033,263)	(1,033,263)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			339,578
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			931,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount is net of any corresponding unamortized bond issuance costs and deferred amounts on refundings.			
General obligation bonds	\$	(6,075,994)	
Premium on issuance		(127,569)	
Literary loans		(5,250,000)	
Accrued interest payable		(173,351)	
Compensated absences		(348,538)	
Net pension liability		(6,110,124)	
		(18,085,576)	(18,085,576)
Net position of governmental activities			\$ 21,844,396

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

County of Alleghany, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	<u>General</u>	Special Law <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 16,200,657	\$ -	\$ 16,200,657
Other local taxes	2,691,370	-	2,691,370
Permits, privilege fees, and regulatory licenses	32,786	-	32,786
Fines and forfeitures	40,814	-	40,814
Revenue from the use of money and property	57,923	1,139	59,062
Charges for services	452,553	-	452,553
Miscellaneous	186,993	45,423	232,416
Recovered costs	1,714,220	-	1,714,220
Intergovernmental:			
Commonwealth	9,810,802	-	9,810,802
Federal	1,508,430	-	1,508,430
Total revenues	<u>\$ 32,696,548</u>	<u>\$ 46,562</u>	<u>\$ 32,743,110</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,332,462	\$ -	\$ 2,332,462
Judicial administration	1,529,864	-	1,529,864
Public safety	6,257,793	29,594	6,287,387
Public works	3,235,630	-	3,235,630
Health and welfare	4,332,044	-	4,332,044
Education	11,536,870	-	11,536,870
Parks, recreation, and cultural	743,712	-	743,712
Community development	467,061	-	467,061
Capital projects	241,827	-	241,827
Debt service:			
Principal retirement	1,522,995	-	1,522,995
Interest and other fiscal charges	411,073	-	411,073
Total expenditures	<u>\$ 32,611,331</u>	<u>\$ 29,594</u>	<u>\$ 32,640,925</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 85,217</u>	<u>\$ 16,968</u>	<u>\$ 102,185</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (164,873)	\$ -	\$ (164,873)
Sale of capital assets	30,010	-	30,010
Total other financing sources (uses)	<u>\$ (134,863)</u>	<u>\$ -</u>	<u>\$ (134,863)</u>
Net change in fund balances	\$ (49,646)	\$ 16,968	\$ (32,678)
Fund balances - beginning	9,516,761	183,931	9,700,692
Fund balances - ending	<u>\$ 9,467,115</u>	<u>\$ 200,899</u>	<u>\$ 9,668,014</u>

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

County of Alleghany, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds \$ (32,678)

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

Capital outlay	\$ 527,288	
Transfer of capital assets from School Board at net book value	1,414,626	
Depreciation expense	<u>(1,515,442)</u>	426,472

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (120,033)

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

Property taxes	\$ (34,756)	
Change in deferred inflows related to the measurement of the net pension liability	<u>(1,559,128)</u>	(1,593,884)

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

Principal repayments:		
General obligation bonds	\$ 772,995	
Literary loans	<u>750,000</u>	1,522,995

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ 27,877	
Change in accrued interest payable	22,956	
Change in net pension liability	1,932,127	
Change in deferred outflows related to pensions	(34,884)	
Amortization of bond premium	<u>63,786</u>	2,011,862

Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

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Change in net position of governmental activities \$ 2,215,395

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

County of Alleghany, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,851,687	\$ 339,578
Accounts receivable, net of allowance for uncollectibles	437,366	-
Inventories	13,898	-
Total current assets	\$ 2,302,951	\$ 339,578
Noncurrent assets:		
Restricted cash and cash equivalents:		
Customers' deposits	\$ 44,716	\$ -
Debt service reserves	517,396	-
Total restricted assets	\$ 562,112	\$ -
Capital assets:		
Infrastructure and equipment	\$ 51,241,639	\$ -
Accumulated depreciation	(10,771,314)	-
Land	12,980	-
Machinery and equipment	634,993	-
Accumulated depreciation	(239,910)	-
Construction in progress	244,886	-
Total capital assets	\$ 41,123,274	\$ -
Total noncurrent assets	\$ 41,685,386	\$ -
Total assets	\$ 43,988,337	\$ 339,578
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension contributions subsequent to measurement date	\$ 67,560	\$ -
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 397,183	\$ -
Payroll liabilities	29,328	-
Customers' deposits	44,716	-
Accrued interest payable	12,966	-
Compensated absences - current portion	58,886	-
Bonds payable - current portion	571,119	-
Total current liabilities	\$ 1,114,198	\$ -
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 19,628	\$ -
Bonds payable - net of current portion	9,435,027	-
Net pension liability	444,708	-
Total noncurrent liabilities	\$ 9,899,363	\$ -
Total liabilities	\$ 11,013,561	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Items related to measurement of net pension liability	\$ 113,477	\$ -
<b>NET POSITION</b>		
Net Investment in capital assets	\$ 31,117,128	\$ -
Restricted for debt service	517,396	-
Restricted for health claims	-	339,578
Unrestricted	1,294,335	-
Total net position	\$ 32,928,859	\$ 339,578

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

County of Alleghany, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Enterprise Fund <u>Water and Sewer Fund</u>	Internal Service <u>Funds</u>
<b>OPERATING REVENUES</b>		
Charges for services:		
Water revenues (serves as security for revenue bonds)	\$ 1,862,859	\$ -
Sewer revenues (serves as security for revenue bonds)	2,194,617	-
Penalty	39,067	-
Miscellaneous	12,066	-
Total operating revenues	<u>\$ 4,108,609</u>	<u>\$ -</u>
<b>OPERATING EXPENSES</b>		
Salaries and wages	\$ 548,733	\$ -
Fringe benefits	233,733	-
Professional services	598,544	-
Utilities	284,428	-
Materials and supplies	418,489	-
Insurance	33,318	-
Travel	2,357	-
Dues and memberships	360	-
Permits	19,615	-
Rentals and leases	13,310	-
Repairs and maintenance	161,404	-
Purchased services	1,033,278	-
Depreciation	985,925	-
Total operating expenses	<u>\$ 4,333,494</u>	<u>\$ -</u>
Operating income (loss)	<u>\$ (224,885)</u>	<u>\$ -</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	\$ 15,012	\$ 661
Loss on disposal of assets	(9,969)	-
Connection fees	7,360	-
Interest expense	(89,690)	-
Total nonoperating revenues (expenses)	<u>\$ (77,287)</u>	<u>\$ 661</u>
Income before contributions and transfers	\$ (302,172)	\$ 661
Capital contributions and construction grants	333	-
Transfers in	<u>\$ 164,873</u>	<u>\$ -</u>
Change in net position	\$ (136,966)	\$ 661
Total net position - beginning, as restated	33,065,825	338,917
Total net position - ending	<u>\$ 32,928,859</u>	<u>\$ 339,578</u>

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

County of Alleghany, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015

	Enterprise Fund <u>Water and Sewer Fund</u>	Internal Service <u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 4,158,236	\$ 78,404
Payments to suppliers	(2,456,582)	-
Payments to and for employees	(817,009)	-
Net cash provided by (used for) operating activities	<u>\$ 884,645</u>	<u>\$ 78,404</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers from other funds	\$ 164,873	\$ -
Net cash provided by (used for) noncapital financing activities	<u>\$ 164,873</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions to utility plant	\$ (607,191)	\$ -
Principal payments on bonds	(569,436)	-
Connection fees	7,360	-
Contributions in aid of construction	333	-
Interest expense	(90,659)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,259,593)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	\$ 15,012	\$ 661
Net cash provided by (used for) investing activities	<u>\$ 15,012</u>	<u>\$ 661</u>
Net increase (decrease) in cash and cash equivalents	\$ (195,063)	\$ 79,065
Cash and cash equivalents - beginning - including restricted of \$366,564	2,608,862	260,513
Cash and cash equivalents - ending - including restricted of \$562,112	<u>\$ 2,413,799</u>	<u>\$ 339,578</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (224,885)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 985,925	\$ -
(Increase) decrease in accounts receivable	44,486	78,404
(Increase) decrease in deferred outflows of resources	2,811	-
Increase (decrease) in customer deposits	5,141	-
Increase (decrease) in operating accounts payable	108,521	-
Increase (decrease) in compensated absences	(4,601)	-
Increase (decrease) in payroll liabilities	(5,606)	-
Increase (decrease) in deferred inflows of resources	113,477	-
Increase (decrease) in net pension liability	(140,624)	-
Total adjustments	<u>\$ 1,109,530</u>	<u>\$ 78,404</u>
Net cash provided by (used for) operating activities	<u>\$ 884,645</u>	<u>\$ 78,404</u>

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

County of Alleghany, Virginia  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2015

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 582,020
Total assets	<u>\$ 582,020</u>
<b>LIABILITIES</b>	
Amounts held for Alleghany Highlands Economic Development Corporation	\$ 18,359
Amounts held for social services clients	135
Amounts held for Friends of Youth	3,450
Amounts held for Human and Leisure Activity	789
Amounts held for Jackson River Vocational Center	262,458
Amounts held for United Fire and Rescue Association	291,698
Amounts held for Humane Society	5,131
Total liabilities	<u>\$ 582,020</u>

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

The financial statements of 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 of Alleghany, Virginia is a municipal corporation governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component unit, 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.

Blended component units - None

Discretely Presented Component Units - The component unit column in the financial statements include the financial data of the County's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the County.

The Alleghany County School Board operates the elementary and secondary public schools in the County. School Board members are appointed. 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. The School Board does not issue separate financial statements.

Related Organizations - The County Board appoints board members to outside organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

Jointly Governed Organizations - None

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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

B. Government-wide and fund financial statements (Continued)

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government will be 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 are 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, if any, are reported as separate columns in the fund financial statements.

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.

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 or deferred inflows of resources.

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 reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The general fund includes the activities of the Law Library, Employee Function, Indoor Plumbing Rehab, Emergency Repair, Drug Asset Forfeiture, Kimstan Diversion Ditch, Courthouse Security, Fire and Rescue, Children Coping with Divorce and Community Development Block Grant Funds. Such funds have been merged for financial reporting purposes.

The *special law fund* accounts for and reports revenues generated by the Jail that are restricted as to use.

The County reports the following major proprietary funds:

The County operates a sewage collection and treatment system and water distribution system. The activities of these systems are accounted for in the Water and Sewer Fund.

The *Internal Service Fund* accounts for the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for in this fund. The self-insurance plan was terminated on July 1, 2012 and the fund remains solely to pay any lingering claims.

Additionally, the County reports the following fund types:

*Fiduciary funds* (Trust and Agency Funds) account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare, Friends of Youth, Humane Society Capital Improvements, Human and Leisure Service, Jackson River Vocational Center, United Fire and Rescue Association and the Alleghany Highlands Economic Development Corporation Fund.

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

C. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, deferred outflows/inflows of resources 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.

Investments for the government, as well as for its component unit, 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.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
(Continued)

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 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The County bills and collects its own property taxes.

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 \$170,046 at June 30, 2015 and is comprised of \$86,810 in property taxes and \$83,236 in water and sewer billings.

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. Inventories

All inventories are valued at cost using the weighted average method. Inventories of proprietary funds are recorded as expenses when purchased. Inventories of governmental funds are recorded as expenditures when purchased.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
 (Continued)

7. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 65
Machinery and equipment	5 - 12

8. Compensated Absences

Vested or accumulated vacation, sick, and holiday pay 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 benefits. All vacation, sick, and holiday pay is accrued when incurred in the government-wide and proprietary fund financial statements to the extent of amounts that are paid out to employees upon termination.

9. 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.

10. Long-term Obligations

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

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

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
(Continued)

11. Fund Equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in a governmental fund. The County of Alleghany, Virginia 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 -items that cannot be spent because they are not in spendable form (such as prepaid items and inventory) or are required to be maintained intact (corpus of a permanent fund);

Restricted -items that are restricted by external parties such as creditors or imposed by grants, law or legislation;

Committed -items that have been committed (modified or rescinded) by formal action by the entity's "highest level of decision-making authority"; which the County of Alleghany, Virginia considers to be the Board of Supervisors.

Assigned -items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. The County of Alleghany, Virginia considers this level of authority to be the Board of Supervisors or any Committee granted such authority by the Board of Supervisors.

Unassigned -this category is for any balances that have no restrictions placed upon them; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
(Continued)

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.

13. Net Position Flow Assumption

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

14. 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 (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of 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. For more detailed information on these items, reference the pension note.

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

D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance  
(Continued)

14. Deferred Outflows/Inflows of Resources (Continued)

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 is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30<sup>th</sup> and amounts prepaid on taxes due December 5<sup>th</sup> and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on taxes due on December 5<sup>th</sup> are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the 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. All non-fiduciary funds have legally adopted budgets.
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. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.
5. The Appropriations Resolution places legal restrictions on expenditures at the department level. Only the Board of Supervisors can revise the appropriation for each department. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.

**Note 2-Stewardship, Compliance, and Accountability: (Continued)**

B. Budgetary information (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. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the County's accounting system.

B. Deficit fund equity

At June 30, 2015, there were no funds with deficit fund equity.

C. Excess of expenditures over appropriations

Certain departments had expenditures exceeding appropriations for the year ended June 30, 2015.

**Note 3-Deposits and Investments:**

Deposits:

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

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).

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**Note 3-Deposits and Investments: (Continued)**

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2015 were rated by Standard and Poor's and/or and equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 1,365

External Investment Pools

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

Interest Rate Risk

The County did not hold any investments at year end that were subject to interest rate risk.

Custodial Credit Risk

At year end, the County was not exposed to any custodial credit risk for deposits or investments. The County limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The County policy in regards to investments requires that all investments be held in the County's name.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 4-Due from Other Governmental Units:**

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

	<u>Primary Government</u>	<u>Component Unit School Board</u>
<b><u>Local:</u></b>		
City of Covington	\$ 156,559	\$ -
County of Bath	83,143	-
<b><u>Commonwealth of Virginia:</u></b>		
Local sales tax	141,169	-
State sales tax	420,149	-
Categorical aid, shared expenses	269,854	-
Other categorical aid	7,377	127,795
Non-categorical aid	73,513	-
Virginia public assistance funds	45,036	-
Community Services Authority	270,179	-
<b><u>Federal government:</u></b>		
Virginia public assistance funds	101,106	-
Categorical aid	243,095	229,691
	<u>\$ 1,811,180</u>	<u>\$ 357,486</u>

**Note 5-Component-Unit Obligations and Contributions:**

The following balances represent amounts due between the primary government and its component unit as of June 30, 2015:

<u>Fund</u>	<u>Payable</u>	<u>Receivable</u>
<b>Primary Government:</b>		
General Fund	\$ 1,942,767	\$ -
<b>Component Unit - School Board:</b>		
School Operating Fund	-	<u>1,942,767</u>
Totals	<u>\$ 1,942,767</u>	<u>\$ 1,942,767</u>

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

Component Unit: School Board	\$ 11,527,640
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

Note 6-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

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	\$ 6,848,989	\$ -	\$ (772,995)	\$ 6,075,994
Premium on issuance	191,355	-	(63,786)	127,569
Literary loans	6,000,000	-	(750,000)	5,250,000
Compensated absences	376,415	254,434	(282,311)	348,538
Net pension liability	8,042,251	2,882,307	(4,814,434)	6,110,124
<b>Total</b>	<b>\$ 21,459,010</b>	<b>\$ 3,136,741</b>	<b>\$ (6,683,526)</b>	<b>\$ 17,912,225</b>

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

Year Ending June 30,	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2016	\$ 801,856	\$ 257,182	\$ 750,000	\$ 105,000
2017	835,915	221,221	750,000	90,000
2018	864,457	182,757	750,000	75,000
2019	902,546	143,373	750,000	60,000
2020	530,872	110,453	750,000	45,000
2021-2025	1,696,960	234,874	1,500,000	45,000
2026-2030	430,748	19,814	-	-
2031-2032	12,640	127	-	-
<b>Totals</b>	<b>\$ 6,075,994</b>	<b>\$ 1,169,801</b>	<b>\$ 5,250,000</b>	<b>\$ 420,000</b>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>General Obligation Bonds:</b>		
\$5,000,000 General Obligation Bond (Alleghany Highlands School Project) issued March 20, 2001 bearing interest at a rate of 5.60% payable semi-annually on July 15 and January 15 through 2021. Principal payments are due annually in installments varying from \$140,000 to \$405,000.	\$ 2,365,000	\$ 290,000
\$3,205,141 General Obligation Bond bearing interest at a rate between 4.225% and 5.1% payable semi-annually on July 15 and January 15 through 2026. Principal payments are due annually in installments varying from \$122,176 to \$197,459.	2,096,812	154,617
\$1,825,000 General Obligation Bond bearing interest at a rate between 3.05% and 4.05% payable semi-annually on January 15 and July 15 through 2018. Principal payments are due annually in installments varying from \$340,000 to \$395,000.	1,485,000	350,000
\$217,000 Virginia Resource Authority bond issued November 28, 2000 for the construction of a water tank at Boiling Springs Elementary School. The bond bears interest at a rate of 1.00% payable in annual principal and interest installments of \$8,512 beginning January 1, 2003 through January 1, 2032.	129,182	7,239
<b>Total General Obligation Bonds</b>	<u>\$ 6,075,994</u>	<u>\$ 801,856</u>
<b>Literary Loans:</b>		
\$7,500,000 State Literary Loan issued January 15, 2002 due in annual principal installments of \$375,000 through December 1, 2022 with interest payable at 2.00%.	\$ 2,625,000	\$ 375,000
\$7,500,000 State Literary Loan issued January 15, 2002 due in annual principal installments of \$375,000 through December 1, 2022 with interest payable at 2.00%.	2,625,000	375,000
<b>Total Literary Loans</b>	<u>\$ 5,250,000</u>	<u>\$ 750,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations: (Continued)

	<u>Amount Due</u>	<u>Amount Due Within One Year</u>
<b>Other Obligations (liquidated in the General Fund)</b>		
Compensated Absences	\$ 348,538	\$ 261,404
Unamortized Premium on Issuance	127,569	-
Net Pension Liability	<u>6,110,124</u>	<u>-</u>
 Total Other Obligations	 <u>\$ 6,586,231</u>	 <u>\$ 261,404</u>
 Total Long-term Obligations	 <u>\$ 17,912,225</u>	 <u>\$ 1,813,260</u>

Primary Government - Business-type Activities:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2015.

	<u>Balance July 1, 2014, as restated</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2015</u>
Revenue bonds	\$ 10,575,582	\$ -	\$ (569,436)	\$ 10,006,146
Compensated absences	83,115	57,735	(62,336)	78,514
Net pension liability	<u>585,332</u>	<u>209,780</u>	<u>(350,404)</u>	<u>444,708</u>
 Total	 <u>\$ 11,244,029</u>	 <u>\$ 267,515</u>	 <u>\$ (982,176)</u>	 <u>\$ 10,529,368</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities: (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2016	\$ 571,118	\$ 88,980
2017	573,279	86,819
2018	575,505	84,593
2019	577,796	82,302
2020	580,156	79,942
2021-2025	2,523,813	361,750
2026-2030	2,144,522	297,054
2031-2035	957,826	229,480
2036-2040	559,846	150,967
2041-2045	465,599	81,304
2046-2050	447,195	29,384
2051	29,491	134
Totals	<u>\$ 10,006,146</u>	<u>\$ 1,572,709</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

Note 6-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities: (Continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds:</b>		
\$463,000 Rural Development Bond issued February 13, 2001, bearing interest at 4.50%. Monthly principal and interest payments of \$2,126 begin on August 6, 2002 and continue through 2039.	\$ 360,600	\$ 8,834
\$2,153,232 Water and Sewer System Revenue Bond issued December 17, 1999 with semi-annual installments on February 1 and August 1 in the amount of \$51,866 through February 1, 2021. This is a non-interest bearing loan.	622,391	103,732
\$2,429,000 Rural Development Bond issued November 9, 2010, at an interest rate of 2.25% with interest only payments due November 9, 2011 and 2012 and principal and interest payments of \$7,943 due monthly starting December 9, 2012 and continuing until October 9, 2050.	2,320,738	43,542
\$4,385,649 interest free Virginia Resource Authority Bond issued in 2011 with semi-annual principal payments of \$109,641 beginning August 1, 2012 and continuing until August 1, 2019.	3,727,805	219,282
\$563,500 Virginia Resource Authority Bond issued in 2012, bearing interest at 3.00%. Semi-annual principal and interest payments of \$14,459 beginning January 2014 and continuing until July 2043.	528,774	12,657

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**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Business-type Activities Obligations: (Continued)

Details of long-term obligations: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b>Revenue Bonds (Continued)</b>		
\$248,548 Revenue Bond issued February 1, 2005, at an interest rate of 3.00%, with principal and interest payments of \$8,464 due every February 1 and August 1 beginning February 1, 2006 until February 1, 2032.	\$ 145,320	\$ 12,663
\$5,887,182 interest free Virginia Resource Authority bond issued in 2007 with semi - annual principal payments of \$85,204 due until September 1, 2028.	<u>2,300,518</u>	<u>170,409</u>
Total Revenue Bonds	<u>\$ 10,006,146</u>	<u>\$ 571,119</u>
<b>Other Obligations: (liquidated in the Water and Sewer Fund)</b>		
Compensated Absences	\$ 78,514	\$ 58,886
Net pension liability	<u>444,708</u>	<u>-</u>
Total Other Obligations:	<u>\$ 523,222</u>	<u>\$ 58,886</u>
Total Long - term Obligations	<u>\$ 10,529,368</u>	<u>\$ 630,005</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7-Long-term Obligations-Component Unit School Board:**

**Discretely Presented Component Unit-School Board-Obligations:**

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2015.

	<u>Balance July 1, 2014, as restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Net OPEB obligation	\$ 471,009	\$ 71,868	\$ (81,300)	\$ 461,577
Compensated absences	175,993	126,641	(131,995)	170,639
Net pension liability	<u>26,154,047</u>	<u>1,455,795</u>	<u>(7,069,025)</u>	<u>20,540,817</u>
Total	<u>\$ 26,801,049</u>	<u>\$ 1,654,304</u>	<u>\$ (7,282,320)</u>	<u>\$ 21,173,033</u>

**Details of long-term obligations:**

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<b><u>Other Obligations: (liquidated in School Operating Fund)</u></b>		
Net OPEB obligation	\$ 471,577	\$ -
Compensated absences	170,639	127,979
Net pension liability	<u>20,540,817</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 21,183,033</u>	<u>\$ 127,979</u>

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**Note 8-Pension Plan:**

**Plan Description**

All full-time, salaried permanent employees of the County are automatically covered by the Alleghany County 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 Alleghany County 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><b>About Plan 1</b>                      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><b>About Plan 2</b>                      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><b>About the Hybrid Retirement Plan</b>                      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"> <li>The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> </ul>

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
<p><b>Eligible Members</b>                      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><b>Hybrid Opt-In Election</b>                      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><b>Eligible Members</b>                      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><b>Hybrid Opt-In Election</b>                      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><b>Eligible Members</b>                      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"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• 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.</li> </ul>

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election (Cont.)</b>                      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><b>Hybrid Opt-In Election (Cont.)</b>                      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><b>*Non-Eligible Members</b>                      Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <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><b>Retirement Contributions</b>                      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><b>Retirement Contributions</b>                      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><b>Retirement Contributions</b>                      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 8-Pension Plan:** (Continued)

Plan Description: (Continued)

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

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b>                      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><b>Vesting</b>                      Same as Plan 1.</p>	<p><b>Vesting</b>  <u><b>Defined Benefit Component:</b></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><b>Defined Contributions Component:</b></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 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>                      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><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <u>Defined Benefit Component:</u>                      See definition under Plan 1</p>

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit (Cont.)</b>                      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><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b>  <u><b>Defined Contribution Component:</b></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><b>Average Final Compensation</b>                      A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b>  <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <u><b>Defined Benefit Component:</b></u>  <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u>                      Not applicable.</p>

**Note 8-Pension Plan:** (Continued)

Plan Description: (Continued)

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

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></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><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      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><b>Cost-of-Living Adjustment (COLA) in Retirement</b>                      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><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <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>

**Note 8-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.)</p> <p><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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u>                      Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u>                      Same as Plan 1 and Plan 2.</p>

**Note 8-Pension Plan: (Continued)**

Plan Description: (Continued)

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Disability Coverage</b>                      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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b>                      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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b>                      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.</p> <p>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><b>Purchase of Prior Service</b>                      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><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <u>Defined Benefit Component:</u>                      Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>•Hybrid Retirement Plan members are ineligible for ported service.</li> <li>•The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>•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.</li> </ul> <p><u>Defined Contribution Component:</u>                      Not applicable.</p>

**Note 8-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 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 14.65% 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 \$999,546 and \$1,037,241 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 \$6,554,832 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. Contributions during the year ended June 30, 2015 were 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 99.64%.

**Note 8-Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees: (Continued)**

The total pension liability for General Employees in the Alleghany County's Retirement Plan and the Alleghany 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

**Note 8-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 Alleghany County'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.

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**Note 8-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

**Note 8-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%.

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**Note 8-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 Alleghany County Retirement Plan, Alleghany 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		
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	10,907,389	6,554,832	2,932,456

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 8-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 \$637,095. 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</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,672,605
Employer contributions subsequent to the measurement date	<u>999,546</u>	<u>-</u>
Total	<u>\$ 999,546</u>	<u>\$ 1,672,605</u>

\$999,546 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	\$ (418,151)
2017	(418,151)
2018	(418,151)
2019	(418,152)
Thereafter	-

**Note 8-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:

	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	71
Inactive members:	
Vested inactive members	8
Non-vested inactive members	9
Inactive members active elsewhere in VRS	<u>7</u>
Total inactive members	24
Active members	<u>86</u>
Total covered employees	<u><u>181</u></u>

**Contributions**

The Component Unit School Board’s contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 9.04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 8-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 Component Unit School Board's nonprofessional employees were \$161,524 and \$167,792 for the years ended June 30, 2015 and June 30, 2014, respectively.

**Net Pension Liability**

The Component Unit 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 Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 9,648,131	\$ 8,704,084	\$ 944,047
Changes for the year:			
Service cost	\$ 205,338	\$ -	\$ 205,338
Interest	657,392	-	657,392
Differences between expected and actual experience	-	-	-
Contributions - employer	-	167,792	(167,792)
Contributions - employee	-	89,850	(89,850)
Net investment income	-	1,355,703	(1,355,703)
Benefit payments, including refunds of employee contributions	(513,630)	(513,630)	-
Administrative expenses	-	(7,457)	7,457
Other changes	-	72	(72)
Net changes	\$ 349,100	\$ 1,092,330	\$ (743,230)
Balances at June 30, 2014	\$ 9,997,231	\$ 9,796,414	\$ 200,817

**Note 8-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 Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the Component Unit 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)	1,334,823	200,817	(760,709)

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

For the year ended June 30, 2015, the Component Unit School Board (nonprofessional) recognized pension expense of \$29,070. At June 30, 2015, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	604,508
Employer contributions subsequent to the measurement date	161,524	-
Total	\$ 161,524	\$ 604,508

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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**Note 8-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)

\$161,524 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	\$ (151,127)
2017	(151,127)
2018	(151,127)
2019	(151,127)
Thereafter	-

Component Unit School Board (professional):

**Plan Description**

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 \$1,724,370 and \$1,436,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

**Note 8-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 \$20,340,000 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 0.168% as compared to 0.183% at June 30, 2013.

For the year ended June 30, 2015, the school division recognized pension expense of \$1,243,000. 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:

	<b>Component Unit School Board (professional)</b>	
	<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	-	3,019,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,658,000
Employer contributions subsequent to the measurement date	<u>1,724,370</u>	<u>-</u>
Total	<u>\$ 1,724,370</u>	<u>\$ 4,677,000</u>

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**Note 8-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)**

\$1,724,370 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	\$ (1,121,000)
2017	(1,121,000)
2018	(1,121,000)
2019	(1,121,000)
Thereafter	(193,000)

**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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 8-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)	29,867,000	20,340,000	12,496,000

**Note 8-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 9-Other Postemployment Benefits - Health Insurance:**

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the School Board recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the School Board’s future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description

The County of Alleghany’s Component Unit - School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have a minimum of 15 years of service with the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through School Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 489 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The School Board health insurance rates are blended for retirees and active employees. As such, the liability arising from this plan represents an “implicit subsidy” of retirees’ rates. The monthly rates for 2015 were as follows:

Participants	KA Expanded Premium	KA-1000 Premium
Single	\$ 645	\$ 516
Dual	1,193	955
Family	1,742	1,393

**Note 9-Other Postemployment Benefits - Health Insurance: (Continued)**

**Component Unit: School Board: (Continued)**

C. Annual OPEB Cost and Net OPEB Obligation

The Board’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Board’s annual OPEB cost for the year, the amount contributed to the plan, and changes in the Board’s net OPEB obligation to the plan:

Annual required contribution	\$ 82,800
Interest on net OPEB obligation	16,485
Adjustment to annual required contribution	<u>(17,417)</u>
Annual OPEB cost (expense)	\$ 81,868
Contributions made	<u>(81,300)</u>
Increase in net OPEB obligation	\$ 568
Net OPEB obligation - beginning of year	471,009
Net OPEB obligation - ending of year	<u>\$ 471,577</u>

The Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 81,868	99%	\$ 471,577
6/30/2014	126,364	62%	471,009
6/30/2013	123,970	63%	423,245

*The remainder of this page left blank intentionally.*

**Note 9-Other Postemployment Benefits - Health Insurance: (Continued)**

Component Unit: School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2015 (the most recent actuarial valuation date), was as follows:

Actuarial accrued liability (AAL)	\$	1,055,800
Actuarial value of plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)	\$	1,055,800
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	13,511,600
UAAL as a percentage of covered payroll		7.81%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuation, dated June 30, 2015, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 3.00%, an investment rate of return at 3.50%, and a health care trend rate of 6.60% graded to 4.50% over 81 years. The UAAL is being amortized over 30 years as a level percentage of payroll on an open basis.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 10-Capital Assets:**

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

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,547,019	\$ 30,128	\$ (31,465)	\$ 3,545,682
Construction in progress	2,001,800	46,041	(2,001,800)	46,041
Total capital assets not being depreciated	<u>\$ 5,548,819</u>	<u>\$ 76,169</u>	<u>\$ (2,033,265)</u>	<u>\$ 3,591,723</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 35,913,795	\$ 3,386,298	\$ -	\$ 39,300,093
Machinery and equipment	4,882,143	481,247	(222,224)	5,141,166
Total capital assets being depreciated	<u>\$ 40,795,938</u>	<u>\$ 3,867,545</u>	<u>\$ (222,224)</u>	<u>\$ 44,441,259</u>
Accumulated depreciation:				
Buildings and improvements	\$ (13,301,461)	\$ (1,197,439)	\$ -	\$ (14,498,900)
Machinery and equipment	(3,326,078)	(318,003)	133,656	(3,510,425)
Total accumulated depreciation	<u>\$ (16,627,539)</u>	<u>\$ (1,515,442)</u>	<u>\$ 133,656</u>	<u>\$ (18,009,325)</u>
Total capital assets being depreciated, net	<u>\$ 24,168,399</u>	<u>\$ 2,352,103</u>	<u>\$ (88,568)</u>	<u>\$ 26,431,934</u>
Governmental activities capital assets, net	<u>\$ 29,717,218</u>	<u>\$ 2,428,272</u>	<u>\$ (2,121,833)</u>	<u>\$ 30,023,657</u>

During the fiscal year, the School Board transferred assets to the County with an original cost of \$3,764,000 and accumulated depreciation of \$2,349,374 (net book value of \$1,414,626).

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 10-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 12,980	\$ -	\$ -	\$ 12,980
Construction in progress	174,957	154,346	(84,417)	244,886
Total capital assets not being depreciated	<u>\$ 187,937</u>	<u>\$ 154,346</u>	<u>\$ (84,417)</u>	<u>\$ 257,866</u>
Capital assets, being depreciated:				
Infrastructure	\$ 50,815,088	\$ 463,613	\$ (37,062)	\$ 51,241,639
Machinery and equipment	561,344	73,649	-	634,993
Total capital assets being depreciated	<u>\$ 51,376,432</u>	<u>\$ 537,262</u>	<u>\$ (37,062)</u>	<u>\$ 51,876,632</u>
Accumulated depreciation:				
Infrastructure	\$ (9,836,135)	\$ (962,274)	\$ 27,095	\$ (10,771,314)
Machinery and equipment	(216,259)	(23,651)	-	(239,910)
Total accumulated depreciation	<u>\$ (10,052,394)</u>	<u>\$ (985,925)</u>	<u>\$ 27,095</u>	<u>\$ (11,011,224)</u>
Total capital assets being depreciated, net	<u>\$ 41,324,038</u>	<u>\$ (448,663)</u>	<u>\$ (9,967)</u>	<u>\$ 40,865,408</u>
Business-type activities capital assets, net	<u>\$ 41,511,975</u>	<u>\$ (294,317)</u>	<u>\$ (94,384)</u>	<u>\$ 41,123,274</u>

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

**Governmental activities:**

General government administration	\$ 580,130
Judicial administration	13,024
Public safety	206,764
Public works	77,290
Health and welfare	25,732
Education	585,482
Parks, recreation, and culture	25,576
Community development	1,444

Total depreciation expense-governmental activities \$ 1,515,442

**Business-type activities:**

Water and sewer fund	\$ 985,925
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Total depreciation expense-primary government \$ 2,501,367

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 10-Capital Assets: (Continued)**

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

Discretely Presented Component Unit:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,001,152	\$ -	\$ (30,128)	\$ 971,024
Construction in progress	2,956,691	27,511	(2,984,202)	-
Total capital assets not being depreciated	<u>\$ 3,957,843</u>	<u>\$ 27,511</u>	<u>\$ (3,014,330)</u>	<u>\$ 971,024</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,617,201	\$ 2,984,202	\$ (3,733,872)	\$ 12,867,531
Machinery and equipment	4,779,493	403,294	-	5,182,787
Total capital assets being depreciated	<u>\$ 18,396,694</u>	<u>\$ 3,387,496</u>	<u>\$ (3,733,872)</u>	<u>\$ 18,050,318</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,641,337)	\$ (293,031)	\$ 2,349,374	\$ (6,584,994)
Machinery and equipment	(3,139,755)	(308,826)	-	(3,448,581)
Total accumulated depreciation	<u>\$ (11,781,092)</u>	<u>\$ (601,857)</u>	<u>\$ 2,349,374</u>	<u>\$ (10,033,575)</u>
Total capital assets being depreciated, net	<u>\$ 6,615,602</u>	<u>\$ 2,785,639</u>	<u>\$ (1,384,498)</u>	<u>\$ 8,016,743</u>
Governmental activities capital assets, net	<u>\$ 10,573,445</u>	<u>\$ 2,813,150</u>	<u>\$ (4,398,828)</u>	<u>\$ 8,987,767</u>

During the fiscal year, the School Board transferred assets to the County with an original cost of \$3,764,000 and accumulated depreciation of \$2,349,374 (net book value of \$1,414,626).

**Note 11-Risk Management:**

The County and its component unit - School Board 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 unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability and public officials liability with the Virginia Association of Counties group self insurance risk pool and VaCoRP. Each member of each of these risk pools jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay VACO and VaCoRP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pools, claims and awards are to be paid. In the event of a loss deficit or depletion of all available excess insurance, the pools may assess all members in the proportion to 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 unit - School Board 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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**Note 12-Contingencies:**

Federal programs in which the County and its component unit 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.

The County provides sewage treatment services to the Town of Clifton Forge and currently shows a balance due from the Town on June 30, 2015 of \$1,057,647. The Town has refrained from payment of same due to a dispute over the charges. It is unclear and cannot be reasonably estimated how much (if any) will be paid by the Town. As such, the County has not recorded a receivable from the Town in the accompanying financial statements for same.

In a similar manner, the Town of Clifton Forge current shows a balance due from the County on June 30, 2015 of \$101,403 for water service provided to the County. The County has refrained from payment of same due to a dispute over the charges. It is unclear and cannot be reasonably estimated how much (if any) will be paid by the County. As such, the County has not recorded a payable to the Town in the accompanying financial statements for same.

The County provides certain shared services to the City of Covington, Virginia. At year end, the County believes approximately \$418,548 is due to the County from this City in accordance with the shared services agreement. The County has refrained from recording a receivable for this amount as it cannot be reasonably estimated how much (if any) of this amount will be received.

**Note 13-Surety Bonds:**

Primary Government:

<b><u>Fidelity &amp; Deposit Company of Maryland - Surety:</u></b>	
Debra N. Byer, Clerk of the Circuit Court	\$ 103,000
Wanda Simpson, Treasurer	400,000
Valerie Bruffey, Commissioner of the Revenue	3,000
Kevin Hall, Sheriff	30,000
All Constitutional Office employees: blanket bond	50,000
Additional Treasurer's Office bond	100,000
All Social Services employees: blanket bond	100,000
<b><u>Virginia Association of Counties Group Self Insurance Risk Pool:</u></b>	
County Administrator's Employees	\$ 250,000

Component Unit - School Board:

<b><u>VACoRP:</u></b>	
All School Board employees: blanket bond	\$ 250,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 14-Litigation:**

At 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 15-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 these Statements 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 following restatement of net position:

	Governmental Activities	Business type Activities	Component Unit School Board
Net Position, July 1, 2014, as previously stated	\$ 26,704,382	\$ 33,580,786	\$ 13,668,958
Net pension liability	(8,042,251)	(585,332)	(26,154,047)
Deferred outflow of resources	966,870	70,371	1,603,792
Net Position, July 1, 2014, as restated	<u>\$ 19,629,001</u>	<u>\$ 33,065,825</u>	<u>\$ (10,881,297)</u>

**Note 16-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.

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**Note 16-Upcoming Pronouncements: (Continued)**

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.

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.

**Note 16-Upcoming Pronouncements: (Continued)**

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 Alleghany, Virginia  
General 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		
<b>REVENUES</b>				
General property taxes	\$ 16,423,426	\$ 16,423,426	\$ 16,200,657	\$ (222,769)
Other local taxes	2,575,647	2,575,647	2,691,370	115,723
Permits, privilege fees, and regulatory licenses	28,000	28,000	32,786	4,786
Fines and forfeitures	62,130	62,130	40,814	(21,316)
Revenue from the use of money and property	48,819	48,837	57,923	9,086
Charges for services	538,046	538,046	452,553	(85,493)
Miscellaneous	307,320	1,569,246	186,993	(1,382,253)
Recovered costs	1,693,686	1,693,686	1,714,220	20,534
Intergovernmental:				
Commonwealth	9,653,715	9,653,715	9,810,802	157,087
Federal	2,228,205	2,228,205	1,508,430	(719,775)
Total revenues	\$ 33,558,994	\$ 34,820,938	\$ 32,696,548	\$ (2,124,390)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,360,727	\$ 2,848,205	\$ 2,332,462	\$ 515,743
Judicial administration	1,544,024	1,597,640	1,529,864	67,776
Public safety	6,062,059	6,987,234	6,257,793	729,441
Public works	3,201,020	3,982,626	3,235,630	746,996
Health and welfare	4,291,612	4,682,465	4,332,044	350,421
Education	11,537,273	11,546,503	11,536,870	9,633
Parks, recreation, and cultural	1,825,489	4,991,619	743,712	4,247,907
Community development	841,887	1,420,716	467,061	953,655
Nondepartmental	175,000	1,059,759	-	1,059,759
Capital projects	119,000	376,672	241,827	134,845
Debt service:				
Principal retirement	1,515,828	1,524,839	1,522,995	1,844
Interest and other fiscal charges	409,128	409,128	411,073	(1,945)
Total expenditures	\$ 33,883,047	\$ 41,427,406	\$ 32,611,331	\$ 8,816,075
Excess (deficiency) of revenues over (under) expenditures	\$ (324,053)	\$ (6,606,468)	\$ 85,217	\$ 6,691,685
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ (164,873)	\$ (164,873)	\$ -
Sale of capital assets	-	-	30,010	30,010
Total other financing sources (uses)	\$ -	\$ (164,873)	\$ (134,863)	\$ 30,010
Net change in fund balances	\$ (324,053)	\$ (6,771,341)	\$ (49,646)	\$ 6,721,695
Fund balances - beginning	324,053	6,771,341	9,516,761	2,745,420
Fund balances - ending	\$ -	\$ -	\$ 9,467,115	\$ 9,467,115

County of Alleghany, Virginia  
 Special Law Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2015

	Special Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 300	\$ 1,139	\$ 839
Miscellaneous	38,000	37,700	45,423	7,723
Total revenues	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 46,562</u>	<u>\$ 8,562</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 38,000	\$ 38,000	\$ 29,594	\$ 8,406
Total expenditures	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 29,594</u>	<u>\$ 8,406</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,968</u>	<u>\$ 16,968</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Net change in fund balances	\$ -	\$ -	\$ 16,968	\$ 16,968
Fund balances - beginning	-	-	183,931	183,931
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,899</u>	<u>\$ 200,899</u>

## County of Alleghany, Virginia

Schedule of OPEB Funding Progress  
For the Year Ended June 30, 2015

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## School Board Retirees Medical Plan

Actuarial Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
June 30, 2015	\$ -	\$ 1,055,800	\$ 1,055,800	0.00%	\$ 13,511,600	7.81%
June 30, 2013	-	1,531,600	1,531,600	0.00%	15,373,600	9.96%
June 30, 2011	-	1,588,200	1,588,200	0.00%	15,818,400	10.04%

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

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Employee Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
<b>Primary Government - County Retirement Plan</b>					
2014	99.6400%	\$ 6,554,832	\$ 6,838,217	95.86%	80.72%
<b>Component Unit School Board (professional)</b>					
2014	0.1683%	\$ 20,340,000	\$ 12,304,443	165.31%	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 Alleghany, 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

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 205,338
Interest	657,392
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(513,630)
<b>Net change in total pension liability</b>	<u>\$ 349,100</u>
<b>Total pension liability - beginning</b>	<u>9,648,131</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 9,997,231</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 167,792
Contributions - employee	89,850
Net investment income	1,355,703
Benefit payments, including refunds of employee contributions	(513,630)
Administrative expense	(7,457)
Other	72
<b>Net change in plan fiduciary net position</b>	<u>\$ 1,092,330</u>
<b>Plan fiduciary net position - beginning</b>	<u>8,704,084</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 9,796,414</u></u>
<b>School division's net pension liability - ending (a) - (b)</b>	\$ 200,817
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	97.99%
<b>Covered-employee payroll (2014 fiscal year)</b>	\$ 1,802,538
<b>School Division's net pension liability as a percentage of covered-employee payroll</b>	11.14%

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 Alleghany, Virginia  
 Schedule of Employer Contributions  
 For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
<b>Primary Government</b>					
2015	\$ 999,546	\$ 999,546	\$ -	\$ 6,838,217	14.62%
<b>Component Unit School Board (nonprofessional)</b>					
2015	\$ 161,524	\$ 161,524	\$ -	\$ 1,794,106	9.00%
<b>Component Unit School Board (professional)</b>					
2015	\$ 1,724,370	\$ 1,724,370	\$ -	\$ 11,937,215	14.45%

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 Alleghany, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

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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

## Other Supplementary Information

## FIDUCIARY FUNDS

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Friends of Youth - The Friends of Youth fund accounts for funds belonging to the youth in the area for health and welfare purposes.

Human and Leisure - The Human and Leisure fund accounts for funds from patrons for prepayments of recreational activities.

Humane Society Capital Improvements - The Humane Society Capital Improvements fund accounts for funds held in a fiduciary capacity for the Humane Society for capital improvements.

Jackson River Vocational Center - The Jackson River Vocational Center fund accounts for funds held in a fiduciary capacity for the Jackson River Vocational Center.

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

United Fire and Rescue Association - The United Fire and Rescue fund accounts for funds held for local fire and rescue agencies.

Alleghany Highlands Economic Development Corporation - The Alleghany Highlands Economic Development Corporation fund accounts for funds held in a fiduciary capacity for the Alleghany Highlands Economic Development Corporation.

County of Alleghany, Virginia  
 Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2015

		Agency Funds							
		Human & Leisure Service	Humane Society Capital Improvements	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Total	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 3,450	\$ 789	\$ 5,131	\$ 262,458	\$ 135	\$ 291,698	\$ 18,359	\$ 582,020	
Total assets	\$ 3,450	\$ 789	\$ 5,131	\$ 262,458	\$ 135	\$ 291,698	\$ 18,359	\$ 582,020	
<b>LIABILITIES</b>									
Amounts held for AHEDC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,359	\$ 18,359	
Amounts held for social services clients	-	-	-	-	135	-	-	135	
Amounts held for Friends of Youth	3,450	-	-	-	-	-	-	3,450	
Amounts held for Human and Leisure Activity	-	789	-	-	-	-	-	789	
Amounts held for Jackson River Vocational Center	-	-	-	262,458	-	-	-	262,458	
Amounts held for United Fire and Rescue Association	-	-	-	-	-	291,698	-	291,698	
Amounts held for Humane Society	-	-	5,131	-	-	-	-	5,131	
Total liabilities	\$ 3,450	\$ 789	\$ 5,131	\$ 262,458	\$ 135	\$ 291,698	\$ 18,359	\$ 582,020	

**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 Alleghany, Virginia  
Combining Balance Sheet  
Discretely Presented Component Unit - School Board  
June 30, 2015

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,415,547	\$ 170,558	\$ 3,586,105
Cash in custody of others	418,676	-	418,676
Receivables (net of allowance for uncollectibles):			
Accounts receivable	32,592	30,676	63,268
Due from other funds	-	21,679	21,679
Due from primary government	1,942,767	-	1,942,767
Due from other governmental units	352,789	4,697	357,486
Inventories	11,433	-	11,433
Prepaid items	380,952	-	380,952
Total assets	<u>\$ 6,554,756</u>	<u>\$ 227,610</u>	<u>\$ 6,782,366</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 66,534	\$ -	\$ 66,534
Accrued liabilities	2,036,160	27,394	2,063,554
Due to other funds	21,679	-	21,679
Total liabilities	<u>\$ 2,124,373</u>	<u>\$ 27,394</u>	<u>\$ 2,151,767</u>
Fund balance:			
Nonspendable	\$ 392,385	\$ -	\$ 392,385
Restricted for the school food program	418,676	-	418,676
Committed	3,619,322	200,216	3,819,538
Total fund balances	<u>\$ 4,430,383</u>	<u>\$ 200,216</u>	<u>\$ 4,630,599</u>
Total liabilities and fund balances	<u>\$ 6,554,756</u>	<u>\$ 227,610</u>	<u>\$ 6,782,366</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 4,630,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 971,024	
Buildings and improvements		6,282,537	
Machinery and equipment		<u>1,734,206</u>	8,987,767
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			(3,623,508)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			
			1,885,894
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (170,639)	
Net OPEB obligation		(471,577)	
Net pension liability		(20,540,817)	
Adjustment for changes in proportionate share of net pension liability		<u>(1,658,000)</u>	(22,841,033)
Net position of governmental activities			<u>\$ (10,960,281)</u>

County of Alleghany, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 2,711	\$ -	\$ 2,711
Charges for services	418,344	96,530	514,874
Miscellaneous	254,773	259,896	514,669
Recovered costs	123,481	-	123,481
Intergovernmental:			
Local government	11,527,640	-	11,527,640
Commonwealth	12,889,888	83,743	12,973,631
Federal	1,981,214	-	1,981,214
Total revenues	<u>\$ 27,198,051</u>	<u>\$ 440,169</u>	<u>\$ 27,638,220</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 26,237,031	\$ 422,584	\$ 26,659,615
Capital projects	96,849	-	96,849
Total expenditures	<u>\$ 26,333,880</u>	<u>\$ 422,584</u>	<u>\$ 26,756,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 864,171</u>	<u>\$ 17,585</u>	<u>\$ 881,756</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	\$ 6,328	\$ -	\$ 6,328
Total other financing sources (uses)	<u>\$ 6,328</u>	<u>\$ -</u>	<u>\$ 6,328</u>
Net change in fund balances	\$ 870,499	\$ 17,585	\$ 888,084
Fund balances - beginning	3,559,884	182,631	3,742,515
Fund balances - ending	<u>\$ 4,430,383</u>	<u>\$ 200,216</u>	<u>\$ 4,630,599</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			\$ 888,084
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 outlay		\$ 430,805	
Depreciation expense		<u>(601,857)</u>	(171,052)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) affects net position. This is the carrying amount of disposed of assets during the year.			(1,414,626)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in deferred inflows of resources related to pensions			(5,281,508)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.			
Change in compensated absences		\$ 5,354	
Change in net OPEB obligation		(568)	
Change in net pension liability		5,613,230	
Change in deferred outflows of resources related to pensions		<u>282,102</u>	5,900,118
Change in net position of governmental activities			<u>\$ (78,984)</u>

County of Alleghany, 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		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 900	\$ 900	\$ 2,711	\$ 1,811
Charges for services	487,481	487,481	418,344	(69,137)
Miscellaneous	93,037	93,037	254,773	161,736
Recovered costs	75,990	75,990	123,481	47,491
Intergovernmental:				
Local government	11,537,273	11,537,273	11,527,640	(9,633)
Commonwealth	13,233,362	13,233,362	12,889,888	(343,474)
Federal	1,929,243	1,929,243	1,981,214	51,971
Total revenues	<u>\$ 27,357,286</u>	<u>\$ 27,357,286</u>	<u>\$ 27,198,051</u>	<u>\$ (159,235)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 26,947,286	\$ 26,947,286	\$ 26,237,031	\$ 710,255
Capital projects	410,000	410,000	96,849	313,151
Total expenditures	<u>\$ 27,357,286</u>	<u>\$ 27,357,286</u>	<u>\$ 26,333,880</u>	<u>\$ 1,023,406</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 864,171	\$ 864,171
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	\$ -	\$ -	\$ 6,328	\$ 6,328
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,328</u>	<u>\$ 6,328</u>
Net change in fund balances	\$ -	\$ -	\$ 870,499	\$ 870,499
Fund balances - beginning	-	-	3,559,884	3,559,884
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,430,383</u>	<u>\$ 4,430,383</u>

County of Alleghany, Virginia  
Combining Balance Sheet  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
June 30, 2015

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	Alleghany Highlands <u>Fund</u>	Governor's School <u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,757	\$ 116,801	\$ 170,558
Receivables (net of allowance for uncollectibles):			
Accounts receivable	30,676	-	30,676
Due from other funds	21,679	-	21,679
Due from other governmental units	-	4,697	4,697
Total assets	<u>\$ 106,112</u>	<u>\$ 121,498</u>	<u>\$ 227,610</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 27,394	\$ -	\$ 27,394
Total liabilities	<u>\$ 27,394</u>	<u>\$ -</u>	<u>\$ 27,394</u>
Fund balances:			
Committed	\$ 78,718	\$ 121,498	\$ 200,216
Total fund balances	<u>78,718</u>	<u>121,498</u>	<u>200,216</u>
Total liabilities and fund balances	<u>\$ 106,112</u>	<u>\$ 121,498</u>	<u>\$ 227,610</u>

County of Alleghany, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board  
For the Year Ended June 30, 2015

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	Alleghany Highlands <u>Fund</u>	Governor's School <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 96,530	\$ 96,530
Miscellaneous	259,896	-	259,896
Intergovernmental:			
Commonwealth	-	83,743	83,743
Total revenues	<u>\$ 259,896</u>	<u>\$ 180,273</u>	<u>\$ 440,169</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 259,896	\$ 162,688	\$ 422,584
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 17,585</u>	<u>\$ 17,585</u>
Net change in fund balances	\$ -	\$ 17,585	\$ 17,585
Fund balances - beginning	78,718	103,913	182,631
Fund balances - ending	<u>\$ 78,718</u>	<u>\$ 121,498</u>	<u>\$ 200,216</u>

## Supporting Schedules

County of Alleghany, 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>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,989,429	\$ 6,989,429	\$ 7,045,599	\$ 56,170
Real and personal public service corporation taxes	896,179	896,179	1,224,663	328,484
Personal property taxes	2,008,836	2,008,836	1,985,348	(23,488)
Mobile home taxes	25,782	25,782	24,266	(1,516)
Machinery and tools taxes	6,400,000	6,400,000	5,765,600	(634,400)
Penalties	73,200	73,200	89,216	16,016
Interest	30,000	30,000	65,965	35,965
Total general property taxes	<u>\$ 16,423,426</u>	<u>\$ 16,423,426</u>	<u>\$ 16,200,657</u>	<u>\$ (222,769)</u>
Other local taxes:				
Local sales and use taxes	\$ 762,762	\$ 762,762	\$ 812,752	\$ 49,990
Consumers' utility taxes	277,885	277,885	274,662	(3,223)
Probate taxes	2,000	2,000	4,295	2,295
Business license taxes	360,000	360,000	383,397	23,397
Utility consumption taxes	203,000	203,000	222,003	19,003
Motor vehicle licenses	375,000	375,000	393,664	18,664
Taxes on recordation and wills	55,000	55,000	54,276	(724)
Hotel and motel room taxes	200,000	200,000	194,637	(5,363)
Restaurant food taxes	340,000	340,000	351,684	11,684
Total other local taxes	<u>\$ 2,575,647</u>	<u>\$ 2,575,647</u>	<u>\$ 2,691,370</u>	<u>\$ 115,723</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 5,612	\$ (388)
Land use application fees	500	500	208	(292)
Transfer fees	480	480	481	1
Zoning and subdivision fees	2,320	2,320	2,006	(314)
Erosion and sediment control	600	600	360	(240)
Permits and other licenses	18,100	18,100	24,119	6,019
Total permits, privilege fees, and regulatory licenses	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 32,786</u>	<u>\$ 4,786</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 62,130	\$ 62,130	\$ 40,814	\$ (21,316)
Total fines and forfeitures	<u>\$ 62,130</u>	<u>\$ 62,130</u>	<u>\$ 40,814</u>	<u>\$ (21,316)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 43,819	\$ 43,837	\$ 52,523	\$ 8,686
Revenue from use of property	5,000	5,000	5,400	400
Total revenue from use of money and property	<u>\$ 48,819</u>	<u>\$ 48,837</u>	<u>\$ 57,923</u>	<u>\$ 9,086</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 10,324	\$ 10,324	\$ 1,824	\$ (8,500)
Charges for courthouse maintenance	18,000	18,000	12,359	(5,641)
Sale of publications and maps	50	50	16	(34)
Charges for gasoline	136,400	136,400	83,783	(52,617)
Charges for Commonwealth's Attorney	3,300	3,300	3,213	(87)
Miscellaneous jail and inmate fees	4,858	4,858	4,538	(320)
Charges for sanitation and waste removal	214,414	214,414	238,014	23,600
Charges for copies	3,100	3,100	3,147	47
Charges for parks and recreation	46,000	46,000	34,887	(11,113)
Charges for law library	4,500	4,500	4,011	(489)

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

Schedule 1  
 Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for courthouse security	\$ 94,700	\$ 94,700	\$ 62,517	\$ (32,183)
Charges for other services	2,400	2,400	4,244	1,844
Total charges for services	<u>\$ 538,046</u>	<u>\$ 538,046</u>	<u>\$ 452,553</u>	<u>\$ (85,493)</u>
Miscellaneous:				
Miscellaneous	\$ 80,120	\$ 77,291	\$ 38,218	\$ (39,073)
Donations	23,000	25,525	16,844	(8,681)
Sale of surplus	2,700	2,700	5,738	3,038
Sale of supplies	1,500	1,500	-	(1,500)
Alleghany Foundation contributions	200,000	1,462,230	126,193	(1,336,037)
Total miscellaneous	<u>\$ 307,320</u>	<u>\$ 1,569,246</u>	<u>\$ 186,993</u>	<u>\$ (1,382,253)</u>
Recovered costs:				
Care of prisoners	\$ 148,706	\$ 148,706	\$ 189,064	\$ 40,358
Co-payment for medical charges	12,000	12,000	10,886	(1,114)
Program income IPR	387	387	387	-
LOA County reimbursement	25,952	25,952	15,484	(10,468)
Health department	1,500	1,500	1,500	-
Bath county-jail	50,000	50,000	83,143	33,143
Covington-magistrate, probation	3,950	3,950	9,091	5,141
Clifton Forge E911	65,597	65,597	66,350	753
Covington E911 Center	-	-	73,566	73,566
Covington-welfare	583,138	583,138	337,955	(245,183)
AHSD resource officer	80,534	80,534	83,882	3,348
General government	700,369	700,369	826,929	126,560
General District Court postage	6,700	6,700	4,707	(1,993)
Other recovered costs	14,853	14,853	11,276	(3,577)
Total recovered costs	<u>\$ 1,693,686</u>	<u>\$ 1,693,686</u>	<u>\$ 1,714,220</u>	<u>\$ 20,534</u>
Total revenue from local sources	<u>\$ 21,677,074</u>	<u>\$ 22,939,018</u>	<u>\$ 21,377,316</u>	<u>\$ (1,561,702)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 85,000	\$ 85,000	\$ 91,210	\$ 6,210
Mobile home titling tax	8,700	8,700	5,091	(3,609)
State recordation tax	1,500	1,500	21,525	20,025
Communication taxes	430,000	430,000	412,950	(17,050)
Additional tax on deeds	23,600	23,600	14,651	(8,949)
Personal property tax relief funds	1,610,808	1,610,808	1,610,808	-
Total noncategorical aid	<u>\$ 2,159,608</u>	<u>\$ 2,159,608</u>	<u>\$ 2,156,235</u>	<u>\$ (3,373)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 395,322	\$ 395,322	\$ 397,406	\$ 2,084
Sheriff	2,059,558	2,059,558	2,097,052	37,494
Commissioner of revenue	122,736	122,736	180,073	57,337
Treasurer	105,300	105,300	171,548	66,248
Registrar/electoral board	40,000	40,000	39,240	(760)
Clerk of the Circuit Court	298,761	298,761	405,137	106,376
Reduction in State Aid	-	-	(86,987)	(86,987)
Total shared expenses	<u>\$ 3,021,677</u>	<u>\$ 3,021,677</u>	<u>\$ 3,203,469</u>	<u>\$ 181,792</u>

County of Alleghany, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 785,277	\$ 785,277	\$ 520,703	\$ (264,574)
Comprehensive services act	862,023	862,023	1,222,380	360,357
Wireless E-911 grant	40,000	40,000	44,065	4,065
Drug asset forfeiture revenue	55,578	55,578	10,681	(44,897)
Emergency medical services	23,800	23,800	194,588	170,788
IPR funds	1,811	1,811	3,069	1,258
Litter control grant	11,000	11,000	16,103	5,103
Fire services grant	35,000	35,000	37,948	2,948
State sales tax	2,364,041	2,364,041	2,384,096	20,055
Hold harmless reversion (actual dist. to shared expenses)	100,000	100,000	-	(100,000)
Criminal Justice Grant	1,500	1,500	-	(1,500)
VITA Grant	9,000	9,000	8,800	(200)
Stormwater grant	8,400	8,400	3,665	(4,735)
Virginia Commission for the Arts grant	5,000	5,000	5,000	-
Other state grants	170,000	170,000	-	(170,000)
Total other categorical aid	<u>\$ 4,472,430</u>	<u>\$ 4,472,430</u>	<u>\$ 4,451,098</u>	<u>\$ (21,332)</u>
Total categorical aid	<u>\$ 7,494,107</u>	<u>\$ 7,494,107</u>	<u>\$ 7,654,567</u>	<u>\$ 160,460</u>
Total revenue from the Commonwealth	<u>\$ 9,653,715</u>	<u>\$ 9,653,715</u>	<u>\$ 9,810,802</u>	<u>\$ 157,087</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 241,651</u>	<u>\$ 161,651</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,129,022	\$ 1,129,022	\$ 1,246,524	\$ 117,502
State and community highway safety (154 funds)	5,000	5,000	12,700	7,700
T-21 trail grant	1,014,183	1,014,183	-	(1,014,183)
Community development block grants	-	-	2,705	2,705
Emergency Management Preparedness grant	-	-	4,850	4,850
Total categorical aid	<u>\$ 2,148,205</u>	<u>\$ 2,148,205</u>	<u>\$ 1,266,779</u>	<u>\$ (881,426)</u>
Total revenue from the federal government	<u>\$ 2,228,205</u>	<u>\$ 2,228,205</u>	<u>\$ 1,508,430</u>	<u>\$ (719,775)</u>
Total General Fund	<u>\$ 33,558,994</u>	<u>\$ 34,820,938</u>	<u>\$ 32,696,548</u>	<u>\$ (2,124,390)</u>
<b>Special Revenue Fund:</b>				
<b>Special Law Fund:</b>				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 300	\$ 1,139	\$ 839
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 1,139</u>	<u>\$ 839</u>

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund: (Continued)</b>				
<b>Special Law Fund: (Continued)</b>				
Miscellaneous revenue:				
Vending machine collections	\$ 31,500	\$ 31,000	\$ 30,333	\$ (667)
Jail commissary collections	4,500	6,700	15,090	8,390
Work release collections	2,000	-	-	-
Total miscellaneous revenue	<u>\$ 38,000</u>	<u>\$ 37,700</u>	<u>\$ 45,423</u>	<u>\$ 7,723</u>
Total revenue from local sources	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 46,562</u>	<u>\$ 8,562</u>
Total Special Law Fund	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 46,562</u>	<u>\$ 8,562</u>
Total Primary Government	<u>\$ 33,596,994</u>	<u>\$ 34,858,938</u>	<u>\$ 32,743,110</u>	<u>\$ (2,115,828)</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 900	\$ 900	\$ 2,711	\$ 1,811
Total revenue from use of money and property	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 2,711</u>	<u>\$ 1,811</u>
Charges for services:				
Charges for education	\$ 15,479	\$ 15,479	\$ 12,063	\$ (3,416)
Cafeteria sales	466,002	466,002	393,460	(72,542)
Use of buses and facilities	6,000	6,000	12,821	6,821
Total charges for services	<u>\$ 487,481</u>	<u>\$ 487,481</u>	<u>\$ 418,344</u>	<u>\$ (69,137)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 93,037	\$ 93,037	\$ 254,773	\$ 161,736
Total miscellaneous revenue	<u>\$ 93,037</u>	<u>\$ 93,037</u>	<u>\$ 254,773</u>	<u>\$ 161,736</u>
Recovered costs:				
Erate	\$ 69,990	\$ 69,990	\$ 117,819	\$ 47,829
Other recovered costs	6,000	6,000	5,662	(338)
Total recovered costs	<u>\$ 75,990</u>	<u>\$ 75,990</u>	<u>\$ 123,481</u>	<u>\$ 47,491</u>
Total revenue from local sources	<u>\$ 657,408</u>	<u>\$ 657,408</u>	<u>\$ 799,309</u>	<u>\$ 141,901</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Alleghany, Virginia	\$ 11,537,273	\$ 11,537,273	\$ 11,527,640	\$ (9,633)
Total revenues from local governments	<u>\$ 11,537,273</u>	<u>\$ 11,537,273</u>	<u>\$ 11,527,640</u>	<u>\$ (9,633)</u>
Categorical aid:				
Basic school aid	\$ 8,339,334	\$ 8,339,334	\$ 8,224,609	\$ (114,725)
Remedial summer education	46,844	46,844	44,648	(2,196)
Regular foster care	80,703	80,703	73,129	(7,574)
GED prep program	7,859	7,859	63,131	55,272
Gifted and talented	82,087	82,087	81,181	(906)
Remedial education	284,685	284,685	281,542	(3,143)
Special education	1,109,051	1,109,051	1,096,806	(12,245)
Textbook payment	65,670	65,670	82,170	16,500

County of Alleghany, Virginia  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Vocational standards of quality payments	\$ 200,852	\$ 200,852	\$ 198,634	\$ (2,218)
Social security fringe benefits	503,002	503,002	497,449	(5,553)
Retirement fringe benefits	1,021,724	1,021,724	1,010,443	(11,281)
Governor's school grant	79,224	79,224	-	(79,224)
State lottery payments	102,382	102,382	84,026	(18,356)
Early reading intervention	67,268	67,268	52,854	(14,414)
School food	21,459	21,459	12,865	(8,594)
Special education - foster children	-	-	25,073	25,073
Homebound	21,118	21,118	11,934	(9,184)
At risk payments	228,213	228,213	225,788	(2,425)
Board certifications	15,000	15,000	12,500	(2,500)
Preschool pilot program	250,041	250,041	177,302	(72,739)
Technology	282,000	282,000	230,000	(52,000)
Standards of Learning algebra readiness	37,002	37,002	32,076	(4,926)
Group life insurance	31,438	31,438	31,091	(347)
Career and Technical Education	39,984	39,984	44,213	4,229
Project graduation	-	-	3,011	3,011
Mentor teacher program	1,962	1,962	3,033	1,071
Primary class size	296,997	296,997	283,300	(13,697)
English as a second language	17,463	17,463	7,080	(10,383)
Total categorical aid	<u>\$ 13,233,362</u>	<u>\$ 13,233,362</u>	<u>\$ 12,889,888</u>	<u>\$ (343,474)</u>
Total revenue from the Commonwealth	<u>\$ 13,233,362</u>	<u>\$ 13,233,362</u>	<u>\$ 12,889,888</u>	<u>\$ (343,474)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 142,352	\$ 142,352	\$ 138,927	\$ (3,425)
Title I	517,677	517,677	582,480	64,803
Title VI-B, special education flow-through	534,329	534,329	495,670	(38,659)
Title VI-B, special education pre-school	19,731	19,731	20,321	590
Vocational education	38,803	38,803	39,092	289
Title II - Part A	108,901	108,901	65,240	(43,661)
School food program	567,450	567,450	639,484	72,034
Total categorical aid	<u>\$ 1,929,243</u>	<u>\$ 1,929,243</u>	<u>\$ 1,981,214</u>	<u>\$ 51,971</u>
Total revenue from the federal government	<u>\$ 1,929,243</u>	<u>\$ 1,929,243</u>	<u>\$ 1,981,214</u>	<u>\$ 51,971</u>
Total School Operating Fund	<u>\$ 27,357,286</u>	<u>\$ 27,357,286</u>	<u>\$ 27,198,051</u>	<u>\$ (159,235)</u>
Nonmajor Special Revenue funds:				
Alleghany Highlands Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 259,896	\$ 259,896
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ 259,896</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ 259,896</u>
Total Alleghany Highlands Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ 259,896</u>

County of Alleghany, Virginia  
 Schedule of Revenues - Budget and Actual  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Nonmajor Special Revenue funds: (Continued)				
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ -	\$ -	\$ 96,530	\$ 96,530
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,530</u>	<u>\$ 96,530</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,530</u>	<u>\$ 96,530</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ -	\$ -	\$ 83,743	\$ 83,743
Total categorical aid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,743</u>	<u>\$ 83,743</u>
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,743</u>	<u>\$ 83,743</u>
Total Governor's School Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,273</u>	<u>\$ 180,273</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,357,286</u>	<u>\$ 27,357,286</u>	<u>\$ 27,638,220</u>	<u>\$ 280,934</u>

County of Alleghany, Virginia  
Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 67,907	\$ 69,453	\$ 68,128	\$ 1,325
General and financial administration:				
County administrator	\$ 844,839	\$ 1,069,056	\$ 897,971	\$ 171,085
Personnel	14,900	21,834	16,397	5,437
Legal services	60,000	69,252	51,484	17,768
Special legal services	5,000	9,576	9,473	103
Commissioner of the revenue	360,556	372,656	363,204	9,452
Reassessment	50,000	141,444	-	141,444
Automotive motor pool	403,430	457,851	377,644	80,207
Treasurer	369,711	371,321	371,892	(571)
Audit services	48,068	58,470	55,612	2,858
Technology department	8,100	79,076	8,000	71,076
Total general and financial administration	<u>\$ 2,164,604</u>	<u>\$ 2,650,536</u>	<u>\$ 2,151,677</u>	<u>\$ 498,859</u>
Board of elections:				
Registrar	\$ 88,357	\$ 88,357	\$ 85,320	\$ 3,037
Electoral board and officials	39,859	39,859	27,337	12,522
Total board of elections	<u>\$ 128,216</u>	<u>\$ 128,216</u>	<u>\$ 112,657</u>	<u>\$ 15,559</u>
Total general government administration	<u>\$ 2,360,727</u>	<u>\$ 2,848,205</u>	<u>\$ 2,332,462</u>	<u>\$ 515,743</u>
Judicial administration:				
Courts:				
Circuit court	\$ 73,245	\$ 76,391	\$ 69,273	\$ 7,118
General district court	21,254	24,091	17,675	6,416
Special magistrates	2,265	2,165	1,300	865
Sheriff	418,922	439,950	441,783	(1,833)
Law library	4,500	4,500	3,496	1,004
Clerk of the circuit court	449,641	469,217	447,010	22,207
Total courts	<u>\$ 969,827</u>	<u>\$ 1,016,314</u>	<u>\$ 980,537</u>	<u>\$ 35,777</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 574,197	\$ 581,326	\$ 549,327	\$ 31,999
Total commonwealth's attorney	<u>\$ 574,197</u>	<u>\$ 581,326</u>	<u>\$ 549,327</u>	<u>\$ 31,999</u>
Total judicial administration	<u>\$ 1,544,024</u>	<u>\$ 1,597,640</u>	<u>\$ 1,529,864</u>	<u>\$ 67,776</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,880,211	\$ 2,197,926	\$ 1,889,851	\$ 308,075
Crime prevention	20,000	21,358	19,281	2,077
National forest patrol	8,061	8,061	-	8,061
DARE program	44,551	47,057	47,056	1
School resource officer	102,668	104,856	105,294	(438)

County of Alleghany, Virginia  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
<b>Public safety: (Continued)</b>				
Law enforcement and traffic control: (Continued)				
Radar transportation	\$ -	\$ 15,204	\$ 15,204	\$ -
Drug task force	-	1,000	-	1,000
Drug asset forfeiture	56,803	59,757	23,528	36,229
Total law enforcement and traffic control	<u>\$ 2,112,294</u>	<u>\$ 2,455,219</u>	<u>\$ 2,100,214</u>	<u>\$ 355,005</u>
Fire and rescue services:				
Fire departments	\$ 74,000	\$ 74,000	\$ 73,909	\$ 91
Volunteer fire departments	324,200	327,150	325,716	1,434
Emergency services	20,300	20,300	244	20,056
Ambulance and rescue services	343,192	343,192	328,158	15,034
Sara III Emergency Council	250	250	144	106
United fire and rescue association	301,200	609,957	616,961	(7,004)
Total fire and rescue services	<u>\$ 1,063,142</u>	<u>\$ 1,374,849</u>	<u>\$ 1,345,132</u>	<u>\$ 29,717</u>
Correction and detention:				
Sheriff-correction and detention	\$ 1,981,849	\$ 2,224,214	\$ 1,938,780	\$ 285,434
Probation	4,500	4,500	3,667	833
Courthouse security	94,900	94,900	95,412	(512)
VJCCA grant	-	3,617	3,617	-
Total correction and detention	<u>\$ 2,081,249</u>	<u>\$ 2,327,231</u>	<u>\$ 2,041,476</u>	<u>\$ 285,755</u>
Inspections:				
Building	\$ 121,975	\$ 124,735	\$ 124,870	\$ (135)
Total inspections	<u>\$ 121,975</u>	<u>\$ 124,735</u>	<u>\$ 124,870</u>	<u>\$ (135)</u>
Other protection:				
Animal control	\$ 99,872	\$ 94,827	\$ 95,049	\$ (222)
Animal protection	88,134	88,533	87,569	964
Medical examiner	400	400	240	160
E-911	494,993	521,440	463,243	58,197
Total other protection	<u>\$ 683,399</u>	<u>\$ 705,200</u>	<u>\$ 646,101</u>	<u>\$ 59,099</u>
Total public safety	<u>\$ 6,062,059</u>	<u>\$ 6,987,234</u>	<u>\$ 6,257,793</u>	<u>\$ 729,441</u>
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 774,442	\$ 981,938	\$ 725,955	\$ 255,983
Refuse disposal	1,309,554	1,428,302	1,310,241	118,061
General engineering	58,021	200,513	144,135	56,378
Multiflora Rose program	-	5,796	2,867	2,929
Storm water management	47,565	42,702	1,565	41,137
Recycling program	72,655	72,655	70,995	1,660
Total sanitation and waste removal	<u>\$ 2,262,237</u>	<u>\$ 2,731,906</u>	<u>\$ 2,255,758</u>	<u>\$ 476,148</u>

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Schedule of Expenditures - Budget and Actual  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
<b>Public works: (Continued)</b>				
Maintenance of general buildings and grounds:				
General maintenance	\$ 287,868	\$ 322,892	\$ 230,769	\$ 92,123
General properties	650,915	927,828	749,103	178,725
Total maintenance of general buildings and grounds	<u>\$ 938,783</u>	<u>\$ 1,250,720</u>	<u>\$ 979,872</u>	<u>\$ 270,848</u>
Total public works	<u>\$ 3,201,020</u>	<u>\$ 3,982,626</u>	<u>\$ 3,235,630</u>	<u>\$ 746,996</u>
<b>Health and welfare:</b>				
Health:				
Supplement of local health department	\$ 161,917	\$ 165,317	\$ 160,120	\$ 5,197
Total health	<u>\$ 161,917</u>	<u>\$ 165,317</u>	<u>\$ 160,120</u>	<u>\$ 5,197</u>
Mental health and mental retardation:				
Community services board	\$ -	\$ 89,462	\$ 89,462	\$ -
Total mental health and mental retardation	<u>\$ -</u>	<u>\$ 89,462</u>	<u>\$ 89,462</u>	<u>\$ -</u>
Welfare:				
Administration	\$ 1,881,107	\$ 1,899,944	\$ 1,798,474	\$ 101,470
Public assistance	863,000	490,000	430,146	59,854
Emergency repair fund	4,759	4,759	4,200	559
Indoor plumbing rehabilitation fund	387	166,841	-	166,841
Free clinic	-	9,000	9,000	-
TAP	-	5,775	5,775	-
Tax relief for the elderly	132,500	132,500	135,456	(2,956)
Safehomes, Inc.	-	5,000	5,000	-
Board of public welfare	3,600	3,600	3,500	100
Comprehensive services	1,213,047	1,586,047	1,602,407	(16,360)
Feeding America	-	2,500	2,500	-
Other welfare	-	9,254	9,004	250
CDBG-housing boiling springs	31,295	112,466	77,000	35,466
Total welfare	<u>\$ 4,129,695</u>	<u>\$ 4,427,686</u>	<u>\$ 4,082,462</u>	<u>\$ 345,224</u>
Total health and welfare	<u>\$ 4,291,612</u>	<u>\$ 4,682,465</u>	<u>\$ 4,332,044</u>	<u>\$ 350,421</u>
<b>Education:</b>				
Other instructional costs:				
Contributions to Dabney S. Lancaster Community College	\$ -	\$ 9,230	\$ 9,230	\$ -
Contribution to County School Board	11,537,273	11,537,273	11,527,640	9,633
Total education	<u>\$ 11,537,273</u>	<u>\$ 11,546,503</u>	<u>\$ 11,536,870</u>	<u>\$ 9,633</u>
<b>Parks, recreation, and cultural:</b>				
Parks and recreation:				
Parks and recreation	\$ 591,747	\$ 693,850	\$ 505,813	\$ 188,037
Scenic trail	1,233,742	4,047,312	62,542	3,984,770
Clifton little league	-	9,000	9,000	-
Salvation Army community center	-	75,000	-	75,000
Alleghany Highlands youth sports	-	9,000	9,000	-
Iron gate recreation	-	2,000	2,000	-
Total parks and recreation	<u>\$ 1,825,489</u>	<u>\$ 4,836,162</u>	<u>\$ 588,355</u>	<u>\$ 4,247,807</u>

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

Schedule 2  
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Alleghany concert series	\$ -	\$ 5,000	\$ 5,000	\$ -
Alleghany crafts	-	1,900	1,800	100
Arts grant	-	5,000	5,000	-
Total cultural enrichment	<u>\$ -</u>	<u>\$ 11,900</u>	<u>\$ 11,800</u>	<u>\$ 100</u>
Library:				
Contribution to regional library	\$ -	\$ 121,802	\$ 121,802	\$ -
Contribution to Clifton library	-	21,755	21,755	-
Total library	<u>\$ -</u>	<u>\$ 143,557</u>	<u>\$ 143,557</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 1,825,489</u>	<u>\$ 4,991,619</u>	<u>\$ 743,712</u>	<u>\$ 4,247,907</u>
Community development:				
Planning and community development:				
Community development	\$ 93,750	\$ 93,750	\$ 92,303	\$ 1,447
Economic development	133,059	1,115,887	170,409	945,478
Boards and commissions	12,143	21,785	16,063	5,722
Tourism initiative	120,000	120,000	120,000	-
Jackson River Enterprises	447,641	15,000	15,000	-
Clifton Armory contribution	-	3,500	3,500	-
Clifton Forge stars and stripes	-	5,000	5,000	-
Chamber Indust.	-	8,000	8,000	-
Total planning and community development	<u>\$ 806,593</u>	<u>\$ 1,382,922</u>	<u>\$ 430,275</u>	<u>\$ 952,647</u>
Environmental management:				
Contribution to soil and water district	\$ -	\$ 2,500	\$ 2,500	\$ -
Total environmental management	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 35,294	\$ 35,294	\$ 34,286	\$ 1,008
Total cooperative extension program	<u>\$ 35,294</u>	<u>\$ 35,294</u>	<u>\$ 34,286</u>	<u>\$ 1,008</u>
Total community development	<u>\$ 841,887</u>	<u>\$ 1,420,716</u>	<u>\$ 467,061</u>	<u>\$ 953,655</u>
Nondepartmental:				
Contingencies	\$ 175,000	\$ 1,059,759	\$ -	\$ 1,059,759
Total nondepartmental	<u>\$ 175,000</u>	<u>\$ 1,059,759</u>	<u>\$ -</u>	<u>\$ 1,059,759</u>
Capital projects:				
E-911 building	\$ 27,000	\$ 214,046	\$ 214,045	\$ 1
Other capital projects	61,000	131,626	-	131,626
Jail Improvements	31,000	31,000	27,782	3,218
Total capital projects	<u>\$ 119,000</u>	<u>\$ 376,672</u>	<u>\$ 241,827</u>	<u>\$ 134,845</u>
Debt service:				
Principal retirement	1,515,828	1,524,839	\$ 1,522,995	\$ 1,844
Interest and other fiscal charges	409,128	409,128	411,073	(1,945)
Total debt service	<u>\$ 1,924,956</u>	<u>\$ 1,933,967</u>	<u>\$ 1,934,068</u>	<u>\$ (101)</u>
Total General Fund	<u>\$ 33,883,047</u>	<u>\$ 41,427,406</u>	<u>\$ 32,611,331</u>	<u>\$ 8,816,075</u>

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

Schedule 2  
Page 5 of 6

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Fund:</b>				
<b>Special Law Fund:</b>				
Public safety:				
Correction and detention:				
Sheriff	\$ 38,000	\$ 38,000	\$ 29,594	\$ 8,406
Total public safety	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 29,594</u>	<u>\$ 8,406</u>
Total Special Law Fund	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 29,594</u>	<u>\$ 8,406</u>
Total Primary Government	<u>\$ 33,921,047</u>	<u>\$ 41,465,406</u>	<u>\$ 32,640,925</u>	<u>\$ 8,824,481</u>
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Administration of schools:				
Administration	\$ 1,750,276	\$ 1,750,276	\$ 1,820,845	\$ (70,569)
Total administration of schools	<u>\$ 1,750,276</u>	<u>\$ 1,750,276</u>	<u>\$ 1,820,845</u>	<u>\$ (70,569)</u>
Instruction costs:				
Instruction costs	\$ 19,331,505	\$ 19,331,505	\$ 18,826,385	\$ 505,120
Total instruction costs	<u>\$ 19,331,505</u>	<u>\$ 19,331,505</u>	<u>\$ 18,826,385</u>	<u>\$ 505,120</u>
Operating costs:				
Attendance and health services				
Pupil transportation	\$ 2,019,323	\$ 2,019,323	\$ 1,881,622	\$ 137,701
Operation and maintenance of school plant	2,832,786	2,832,786	2,689,434	143,352
School food and other non-instructional costs <sup>(1)</sup>	1,013,396	1,013,396	1,018,745	(5,349)
Total operating costs	<u>\$ 5,865,505</u>	<u>\$ 5,865,505</u>	<u>\$ 5,589,801</u>	<u>\$ 275,704</u>
Total education	<u>\$ 26,947,286</u>	<u>\$ 26,947,286</u>	<u>\$ 26,237,031</u>	<u>\$ 710,255</u>
Capital projects:				
School capital projects	\$ 410,000	\$ 410,000	\$ 96,849	\$ 313,151
Total School Operating Fund	<u>\$ 27,357,286</u>	<u>\$ 27,357,286</u>	<u>\$ 26,333,880</u>	<u>\$ 1,023,406</u>

<sup>(1)</sup> Includes Cafeteria Funds held by the School System not subject to appropriation.

**Nonmajor Special Revenue funds:**

**Alleghany Highlands Fund:**

Education:

    Instruction costs:

Instruction costs	\$ -	\$ -	\$ 259,896	\$ (259,896)
Total instruction costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ (259,896)</u>

Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ (259,896)</u>
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Total Alleghany Highlands Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,896</u>	<u>\$ (259,896)</u>
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County of Alleghany, 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>
Discretely Presented Component Unit - School Board: (Continued)				
Nonmajor Special Revenue funds: (Continued)				
Governor's School Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ -	\$ -	\$ 162,688	\$ (162,688)
Total education	\$ -	\$ -	\$ 162,688	\$ (162,688)
Total Governor's School Fund	\$ -	\$ -	\$ 162,688	\$ (162,688)
Total Component Unit - School Board	\$ 27,357,286	\$ 27,357,286	\$ 26,756,464	\$ 600,822

## Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer Fund	Total
2014-15	\$ 1,978,765	\$ 1,476,156	\$ 5,962,056	\$ 3,332,512	\$ 3,647,251	\$ 10,707,726	\$ 720,544	\$ 465,186	\$ 324,331	\$ 4,433,153	\$ 33,047,680
2013-14	2,218,596	1,559,654	5,548,155	2,939,564	3,683,445	12,558,547	812,380	505,841	394,899	4,837,124	35,058,205
2012-13	2,200,183	1,482,244	5,340,327	2,894,667	3,538,594	12,643,618	963,741	561,469	430,686	4,208,210	34,263,739
2011-12	2,499,430	1,489,784	5,171,713	2,964,372	3,463,171	12,515,440	1,100,281	404,069	1,623,370	4,497,392	35,729,022
2010-11	2,153,781	1,447,988	5,234,361	2,773,957	3,348,393	12,221,036	966,811	441,036	933,168	2,914,811	32,435,342
2009-10	2,030,763	1,306,191	4,968,106	4,351,861	3,427,771	12,104,165	1,096,976	444,648	1,038,864	2,894,787	33,664,132
2008-09	1,988,175	1,346,124	4,898,840	4,970,152	3,368,123	12,026,801	632,214	394,485	1,089,090	3,466,944	34,180,948
2007-08	1,139,917	1,254,663	5,159,785	3,095,922	3,850,210	9,418,334	871,908	398,708	1,127,499	2,753,856	29,070,802
2006-07	2,116,146	1,274,576	5,035,940	2,682,973	3,486,881	12,116,812	815,503	566,417	1,118,940	2,803,885	32,018,073
2005-06	1,906,198	1,148,669	4,291,821	2,608,586	3,708,541	12,138,025	685,254	346,712	1,059,960	2,693,096	30,586,862

County of Alleghany, 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	\$ 4,622,696	\$ 8,921,346	\$ 7,693	\$ 16,165,901	\$ 2,691,370	\$ 74,735	\$ 244,482	\$ 2,397,886	\$ 35,126,109		
2013-14	4,827,467	8,458,807	23,280	15,186,511	2,554,418	82,668	244,619	2,407,155	33,784,925		
2012-13	4,639,293	8,543,222	771,476	16,394,558	2,412,439	73,094	353,916	2,396,687	35,584,685		
2011-12	4,669,620	8,913,175	1,888,577	15,492,843	2,190,182	50,276	251,787	2,293,952	35,750,412		
2010-11	3,909,984	8,252,444	12,541,714	15,432,192	2,288,458	144,947	609,488	2,250,850	45,430,077		
2009-10	3,461,695	8,234,495	4,287,265	15,715,743	2,236,077	123,133	549,032	2,276,650	36,884,090		
2008-09	3,563,035	9,514,955	2,037,436	15,222,115	2,698,807	385,533	387,588	2,069,500	35,878,969		
2007-08	3,418,562	8,768,681	205,853	14,784,476	2,596,051	1,016,766	261,246	1,978,185	33,029,820		
2006-07	3,430,559	9,510,905	22,000	13,910,364	2,740,541	1,083,794	511,837	1,883,621	33,093,621		
2005-06	3,337,808	8,455,946	47,887	13,523,707	2,630,493	743,785	94,650	2,124,891	30,959,167		

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural			Community Development	Nondepartmental	Debt Service	Capital Projects	Total
							Education (2)	Recreation, and Cultural	Community Development					
2014-15	\$ 2,332,462	\$ 1,529,864	\$ 6,287,387	\$ 3,235,630	\$ 4,332,044	\$ 26,668,845	\$ 743,712	\$ 467,061	\$ -	\$ 1,934,068	\$ 338,676	\$ 47,869,749		
2013-14	2,348,028	1,561,280	5,792,074	2,853,176	4,145,168	26,757,720	766,086	504,569	137,782	1,595,574	4,974,279	51,435,736		
2012-13	2,304,985	1,496,501	5,695,866	2,878,188	3,973,318	28,595,658	785,039	561,954	29,505	1,566,353	700,450	48,587,817		
2011-12	2,422,769	1,429,307	5,775,857	3,246,772	3,917,532	29,826,325	760,351	399,258	28,856	10,333,888	526,086	58,667,001		
2010-11	2,254,023	1,404,529	5,436,958	2,643,170	3,867,309	28,534,386	727,485	331,195	5,567	2,342,273	374,624	47,921,519		
2009-10	2,159,776	1,381,692	5,509,607	2,893,008	3,947,566	29,531,453	722,137	283,368	4,900	2,363,137	2,796,318	51,592,962		
2008-09	2,101,972	1,403,618	5,324,926	2,965,524	4,038,254	31,120,417	673,801	330,719	5,899	2,386,317	3,278,167	53,629,614		
2007-08	2,040,887	1,372,032	5,292,272	2,726,625	3,948,507	30,648,576	899,577	413,787	3,399	2,413,924	1,603,967	51,363,553		
2006-07	2,047,804	1,274,637	5,435,110	2,761,932	4,221,685	29,026,101	792,850	344,520	11,457	2,140,387	1,072,176	49,128,659		
2005-06	2,013,519	1,149,383	4,754,993	2,527,065	4,554,268	27,022,943	703,633	346,424	3,400	2,210,765	1,261,348	46,547,741		

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

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

County of Alleghany, 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 (2)	Total
2014-15	\$ 16,200,657	\$ 2,691,370	\$ 32,786	\$ 40,814	\$ 61,773	\$ 967,427	\$ 747,085	\$ 1,837,701	\$ 26,274,077	\$ 48,853,690
2013-14	15,148,553	2,554,418	28,178	59,214	72,952	1,040,908	708,314	1,800,693	25,373,168	46,786,398
2012-13	16,187,947	2,412,439	40,113	43,559	66,284	1,123,697	835,224	1,565,975	26,904,703	49,179,941
2011-12	15,412,777	2,190,182	28,259	61,002	47,464	1,334,845	663,646	1,785,590	28,457,341	49,981,106
2010-11	15,524,223	2,288,458	38,554	81,829	122,518	1,193,313	964,764	1,663,681	27,239,582	49,116,922
2009-10	15,629,777	2,236,077	35,296	65,414	124,353	1,097,179	1,068,168	1,701,036	30,002,302	51,959,602
2008-09	15,128,836	2,698,807	50,661	64,653	383,246	1,277,105	822,185	1,856,032	32,209,250	54,490,775
2007-08	14,789,811	2,596,051	45,274	57,561	1,025,818	1,284,749	715,685	1,535,807	29,672,297	51,723,053
2006-07	14,005,628	2,740,541	49,435	91,907	1,143,332	1,188,289	633,081	1,677,282	29,482,016	51,011,511
2005-06	13,523,178	2,630,493	46,829	121,343	805,833	1,096,609	823,290	1,579,547	26,372,308	46,999,430

(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.

Table 5

County of Alleghany, 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	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2014-15	\$ 17,613,882	\$ 17,326,438	98.37%	\$ 329,846	\$ 17,656,284	100.24%	\$ 612,674	3.48%
2013-14	17,568,748	17,276,587	98.34%	287,649	17,564,236	99.97%	637,328	3.63%
2012-13	17,282,831	16,978,746	98.24%	209,664	17,188,410	99.45%	632,216	3.66%
2011-12	16,374,806	16,235,714	99.15%	185,834	16,421,548	100.29%	462,659	2.83%
2010-11	17,133,525	17,000,079	99.22%	263,622	17,263,701	100.76%	386,161	2.25%
2009-10	16,965,119	16,852,221	99.33%	248,198	17,100,419	100.80%	489,646	2.89%
2008-09	16,607,536	16,365,362	98.54%	225,844	16,591,206	99.90%	476,050	2.87%
2007-08	16,259,572	16,130,783	99.21%	156,974	16,287,757	100.17%	405,837	2.50%
2006-07	15,475,568	15,326,045	99.03%	186,484	15,512,529	100.24%	392,420	2.54%
2005-06	15,100,276	15,029,295	99.53%	128,373	15,157,668	100.38%	313,244	2.07%

(1) Exclusive of penalties and interest. Includes PPTRA revenue from the Commonwealth. Fiscal years 2012 through 2014 have been adjusted to account for refunds of approximately 1.4 million dollars.

Table 6

County of Alleghany, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Utility (2)	Total
2014-15	\$ 1,198,562,696	\$ 66,625,672	\$ 96,917,748	\$ 176,440,723	\$ 1,538,546,839
2013-14	1,195,599,690	66,324,208	114,611,443	119,210,453	1,495,745,794
2012-13	1,189,199,438	64,151,894	122,088,331	111,530,160	1,486,969,823
2011-12	1,183,707,713	63,193,323	116,555,738	109,080,093	1,472,536,867
2010-11	1,177,769,900	61,240,685	116,208,339	103,422,277	1,458,641,201
2009-10	1,173,850,600	59,061,239	116,248,580	100,012,946	1,449,173,365
2008-09	1,166,472,100	64,321,098	106,864,932	89,128,617	1,426,786,747
2007-08	1,146,371,600	63,346,720	102,823,797	101,263,931	1,413,806,048
2006-07	779,733,400	63,121,433	107,628,289	72,453,464	1,022,936,586
2005-06	800,128,832	62,950,052	107,004,276	77,104,632	1,047,187,792

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission (includes real estate and personal property).

Table 7

County of Alleghany, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years

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Fiscal Year	Real Estate	Personal Property	Mobile Home	Machinery and Tools
2014-15	\$ 0.69	\$ 5.95	\$ 0.69	\$ 5.95
2013-14	0.67	5.95	0.67	5.95
2012-13	0.67	5.95	0.67	5.95
2011-12	0.64	5.95	0.64	5.95
2010-11	0.64	5.95	0.64	5.95
2009-10	0.66	5.95	0.66	5.95
2008-09	0.66	5.95	0.66	5.95
2007-08	0.66	5.95	0.66	5.95
2006-07	0.72	5.95	0.72	5.95
2005-06	0.69	5.95	0.69	5.95

(1) Per \$100 of assessed value.

Table 8

County of Alleghany, 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 (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2014-15	15,820	\$ 1,495,746	\$ 11,325,995	\$ 11,325,995	0.76%	\$ 716
2013-14	16,250	1,486,970	12,848,989	12,848,989	0.86%	791
2012-13	16,250	1,486,970	14,013,313	14,013,313	0.94%	862
2011-12	16,250	1,472,537	13,183,675	13,183,675	0.90%	811
2010-11	16,250	1,458,641	22,659,231	22,659,231	1.55%	1,394
2009-10	17,215	1,449,173	24,291,009	24,291,009	1.68%	1,411
2008-09	17,215	1,426,787	25,732,356	25,732,356	1.80%	1,495
2007-08	17,215	1,413,806	27,140,846	27,140,846	1.92%	1,577
2006-07	17,215	1,022,937	28,504,706	28,504,706	2.79%	1,656
2005-06	17,215	1,047,188	26,526,182	26,335,000	2.51%	1,530

(1) Population per the Bureau of the Census.

(2) Includes all long-term general obligations: bonded debt, bonded anticipation notes, and literary fund loans. Also includes lease revenue bonds which will be repaid using taxpayer dollars. Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the Board of Supervisors  
County of Alleghany, Virginia  
Covington, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, 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 Alleghany, Virginia's basic financial statements, and have issued our report thereon dated January 11, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Alleghany, 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 Alleghany, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Alleghany, Virginia's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alleghany, 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*.

## Purpose of this Report

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

*Robinson, Turner, Co. Associates*

Blacksburg, Virginia  
January 11, 2016

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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To the Board of Supervisors  
County of Alleghany, Virginia  
Covington, Virginia

### Report on Compliance for Each Major Federal Program

We have audited the County of Alleghany, 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 Alleghany, Virginia's major federal programs for the year ended June 30, 2015. The County of Alleghany, 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 Alleghany, 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 Alleghany, 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 Alleghany, Virginia's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the County of Alleghany, 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 Alleghany, 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 Alleghany, 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 Alleghany, 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, Farmer, Co. Associates*

Blacksburg, Virginia  
January 11, 2016

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Health and Human Services:</b>			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	93556	\$ 6,183
Temporary Assistance for Needy Families	93.558	93558	265,255
Refugee and Entrant Assistance - State Administered Programs	93.566	93566	383
Low-Income Home Energy Assistance	93.568	93568	28,843
Child Care and Development Block Grant	93.575	93575	(2,350)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596	47,419
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93645	1,794
Foster Care - Title IV-E	93.658	93658	104,787
Adoption Assistance	93.659	93659	18,314
Social Services Block Grant	93.667	93667	197,720
Children's Health Insurance Program	93.767	93767	8,216
Medical Assistance Program	93.778	93778	296,844
Chafee Foster Care Independence Program	93.674	93674	4,170
			<u>\$ 977,578</u>
<b>Department of Agriculture:</b>			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
Schools and Roads - Grants to States	10.665	43841	\$ 138,927
<i>Department of Education:</i>			
National School Lunch Program (Child Nutrition Cluster)	10.555	40623	491,981
School Breakfast Program (Child Nutrition Cluster)	10.553	40621	130,116
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	17,387
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	268,946
			<u>\$ 1,047,357</u>
<b>Department of Transportation:</b>			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	Not available	\$ 12,700
			<u>\$ 12,700</u>
<b>Department of Homeland Security:</b>			
Pass Through Payments:			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	77502, 77801	\$ 5,110
			<u>\$ 5,110</u>
<b>Department of Housing and Urban Development:</b>			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305	\$ 2,705
			<u>\$ 2,705</u>

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

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>Department of Education:</b>			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I: Grants to Local Educational Agencies	84.010	42892	\$ 582,480
Special Education - Grants to States (Special Education Cluster)	84.027	60180	495,670
Career and Technical Education: Basic Grants to States	84.048	43401	39,092
Special Education - Preschool Grants (Special Education Cluster)	84.173	61136	20,321
Improving Teacher Quality State Grants	84.367	61490	<u>65,240</u>
Total Department of Education			<u>\$ 1,202,803</u>
Total Expenditures of Federal Awards			<u>\$ 3,248,253</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note A -- Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Alleghany, Virginia under programs of the federal government for the year ended June 30, 2015. The information in the 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 the County of Alleghany, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Alleghany, Virginia.

**Note B -- 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 allowed or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

**Note C -- Food Distribution**

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

**Note D -- Relationship to the Financial Statements**

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 1,508,430
Water and Sewer Fund Grants	<u>260</u>
Primary Government	<u>\$ 1,508,690</u>

Component Unit School:

School Operating Fund	<u>\$ 1,981,214</u>
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Less: Payments in Lieu of Taxes \$ (241,651)

Total federal expenditures per the Schedule of Expenditures of Federal Awards \$ 3,248,253

County of Alleghany, Virginia

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

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? No  
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 501(a) of OMB Circular A-133 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 1, Grants to Local Educational Agencies Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no findings in the prior fiscal year that related to federal programs.