

FINANCIAL STATEMENTS



COUNTY OF ALLEGHANY, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2024

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

COUNTY OF ALLEGHANY, VIRGINIA
 FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

COUNTY OF ALLEGHANY, VIRGINIA

BOARD OF SUPERVISORS

James M. Griffith, Vice Chair Shannon P. Cox Ronald S. Goings	G. Matt Garten, Chair	Stephen A. Bennett Gregory A. Dodd Cletus W. Nicely
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COUNTY SCHOOL BOARD

Jonathan M. Arritt, Vice-Chair Gerald E. Franson Danielle I. Morgan	Jacob L. Wright, Chair	Marie W. Fitzpatrick John B. Littleton Tammy Scruggs-Duncan
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SOCIAL SERVICES BOARD

Matt Garten, Vice-Chair Kathy Carson Patrice Jefferson	David Crosier, Chair	Eston Burge Jason Helmintoller Greg Martin
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OTHER OFFICIALS

Clerk of the Circuit Court	Debbie Byer
Commissioner of the Revenue (through 12/31/2023)	Valerie Bruffey
Commissioner of the Revenue (beginning 1/1/2024).....	Shelia Selleck
Treasurer	Teresa Brown
Sheriff (through 12/31/2023).....	Kevin Hall
Sheriff (beginning 1/1/2024)	Kyle Moore
Director of Social Services	Tammy Wilson
County Administrator	Reid Walters
County Attorney	Jim Guynn
Commonwealth's Attorney.....	Ann Gardner
Finance Director	Suzanne Adcock

FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Alleghany, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Alleghany, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Alleghany, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Alleghany, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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.

Supplementary 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and other statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Alleghany, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Alleghany, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
July 24, 2025

Basic Financial Statements

County of Alleghany, Virginia
Statement of Net Position
June 30, 2024

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit School Board
ASSETS				
Cash and cash equivalents	\$ 13,727,814	\$ 2,102,627	\$ 15,830,441	\$ 9,862,902
Investments	2,734,679	-	2,734,679	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	815,355	-	815,355	-
Accounts receivable	469,610	518,166	987,776	106,302
Leases receivable	494,317	-	494,317	120,246
Due from other governmental units	4,394,005	-	4,394,005	2,730,907
Inventories	6,763	-	6,763	-
Prepaid items	176,910	-	176,910	583,250
Net pension asset	-	-	-	484,684
Restricted assets:				
Cash and cash equivalents	-	2,117,092	2,117,092	-
Capital assets:				
Capital assets, not being depreciated/amortized	4,450,085	144,200	4,594,285	4,968,336
Capital assets, net of accumulated depreciation/amortization	15,510,205	37,187,574	52,697,779	22,853,078
Total assets	<u>\$ 42,779,743</u>	<u>\$ 42,069,659</u>	<u>\$ 84,849,402</u>	<u>\$ 41,709,705</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,416,958	\$ 80,844	\$ 1,497,802	\$ 12,242,278
OPEB related items	114,202	6,685	120,887	1,953,905
Total deferred outflows of resources	<u>\$ 1,531,160</u>	<u>\$ 87,529</u>	<u>\$ 1,618,689</u>	<u>\$ 14,196,183</u>
LIABILITIES				
Accounts payable	\$ 1,937,608	\$ 329,010	\$ 2,266,618	\$ 143,795
Construction and retainage payable	366,811	-	366,811	1,760,921
Accrued liabilities	125,663	29,740	155,403	1,634,438
Customers' deposits	-	118,317	118,317	-
Accrued interest payable	57,230	24,492	81,722	204
Unearned revenue	-	-	-	1,576
Long-term liabilities:				
Due within one year	1,489,752	753,342	2,243,094	300,403
Due in more than one year	11,726,597	7,716,642	19,443,239	24,500,645
Total liabilities	<u>\$ 15,703,661</u>	<u>\$ 8,971,543</u>	<u>\$ 24,675,204</u>	<u>\$ 28,341,982</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 51,977	\$ -	\$ 51,977	\$ -
Lease related items	429,298	-	429,298	117,715
Pension related items	1,624,925	173,882	1,798,807	8,461,970
OPEB related items	76,086	4,652	80,738	1,643,863
Total deferred inflows of resources	<u>\$ 2,182,286</u>	<u>\$ 178,534</u>	<u>\$ 2,360,820</u>	<u>\$ 10,223,548</u>
NET POSITION				
Net investment in capital assets	\$ 11,271,028	\$ 29,085,126	\$ 40,356,154	\$ 26,048,404
Restricted:				
Jail operations	265,875	-	265,875	-
Law library	31,447	-	31,447	-
Asset forfeiture funds/policing funds	101,029	-	101,029	-
Emergency repair fund	53,484	-	53,484	-
Opioid abatement fund	516,377	-	516,377	-
Net pension asset	-	-	-	484,684
Bond covenants	-	1,998,775	1,998,775	-
School cafeterias	-	-	-	345,260
School construction	-	-	-	1,931,654
School activity fund	-	-	-	1,449,029
Governor's school fund	-	-	-	193,145
Unrestricted	14,185,716	1,923,210	16,108,926	(13,111,818)
Total net position	<u>\$ 26,424,956</u>	<u>\$ 33,007,111</u>	<u>\$ 59,432,067</u>	<u>\$ 17,340,358</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, 2024

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,528,213	\$ 83,313	\$ 873,886	-	\$ (1,571,014)	\$ -	\$ (1,571,014)	
Judicial administration	2,063,194	8,798	952,262	-	(1,102,134)	-	(1,102,134)	
Public safety	10,806,146	93,416	3,521,151	-	(7,191,579)	-	(7,191,579)	
Public works	6,010,832	1,314,108	289,708	-	(4,407,016)	-	(4,407,016)	
Health and welfare	5,010,852	-	3,975,685	-	(1,035,167)	-	(1,035,167)	
Education	9,078,297	-	-	-	(9,078,297)	-	(9,078,297)	
Parks, recreation, and cultural	1,034,559	16,214	4,500	1,100,000	86,155	-	86,155	
Community development	6,587,711	-	2,854,402	-	(3,733,309)	-	(3,733,309)	
Interest on long-term debt	235,819	-	-	-	(235,819)	-	(235,819)	
Total governmental activities	\$ 43,355,623	\$ 1,515,849	\$ 12,471,594	\$ 1,100,000	\$ (28,268,180)	\$ -	\$ (28,268,180)	
Business-type activities:								
Water and Sewer Fund	\$ 5,139,536	\$ 5,459,296	\$ -	\$ 10,980	\$ -	\$ 330,740	\$ 330,740	
Total business-type activities	\$ 5,139,536	\$ 5,459,296	\$ -	\$ 10,980	\$ -	\$ 330,740	\$ 330,740	
Total primary government	\$ 48,495,159	\$ 6,975,145	\$ 12,471,594	\$ 1,110,980	\$ (28,268,180)	\$ 330,740	\$ (27,937,440)	
COMPONENT UNIT:								
School Board	\$ 41,192,317	\$ 826,106	\$ 38,017,963	\$ -	\$ -	\$ -	\$ (2,348,248)	
Total component unit	\$ 41,192,317	\$ 826,106	\$ 38,017,963	\$ -	\$ -	\$ -	\$ (2,348,248)	
General revenues:								
General property taxes					\$ 18,975,437	\$ -	\$ 18,975,437	
Other local taxes								
Local sales and use taxes					1,129,206	-	1,129,206	
Consumers' utility taxes					282,890	-	282,890	
Business license taxes					523,158	-	523,158	
Utility consumption taxes					223,872	-	223,872	
Motor vehicle licenses					416,298	-	416,298	
Restaurant food taxes					784,724	-	784,724	
Transient lodging taxes					276,445	-	276,445	
Other local taxes					91,443	-	91,443	
Unrestricted revenues from use of money and property					718,348	76,539	794,887	
Miscellaneous					248,114	22,196	270,310	
Payments from the County of Alleghany					-	-	-	
Grants and contributions not restricted to specific programs					2,508,040	-	2,508,040	
Total general revenues					\$ 26,177,975	\$ 98,735	\$ 26,276,710	
Change in net position					\$ (2,090,205)	\$ 429,475	\$ (1,660,730)	
Net position - beginning					28,515,161	32,577,636	61,092,797	
Net position - ending					\$ 26,424,956	\$ 33,007,111	\$ 59,432,067	

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

County of Alleghany, Virginia
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Law Fund	Total
ASSETS			
Cash and cash equivalents	\$ 13,461,060	\$ 266,754	\$ 13,727,814
Investments	2,734,679	-	2,734,679
Receivables (net of allowance for uncollectibles):			
Taxes receivable	815,355	-	815,355
Accounts receivable	469,610	-	469,610
Leases receivable	494,317	-	494,317
Due from other governmental units	4,394,005	-	4,394,005
Inventories	6,763	-	6,763
Prepaid items	176,910	-	176,910
Total assets	<u>\$ 22,552,699</u>	<u>\$ 266,754</u>	<u>\$ 22,819,453</u>
LIABILITIES			
Accounts payable	\$ 1,936,729	\$ 879	\$ 1,937,608
Construction and retainage payable	366,811	-	366,811
Accrued liabilities	125,663	-	125,663
Total liabilities	<u>\$ 2,429,203</u>	<u>\$ 879</u>	<u>\$ 2,430,082</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 726,911	\$ -	\$ 726,911
Property taxes paid in advance	51,977	-	51,977
Lease related items	494,317	-	494,317
Unavailable revenue - opioid settlement receivable	188,351	-	188,351
Total deferred inflows of resources	<u>\$ 1,461,556</u>	<u>\$ -</u>	<u>\$ 1,461,556</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 6,763	\$ -	\$ 6,763
Prepays	176,910	-	176,910
Restricted			
Jail operations	-	265,875	265,875
Law library	31,447	-	31,447
Asset forfeiture funds/policing funds	101,029	-	101,029
Emergency repair fund	53,484	-	53,484
Opioid settlement receivable	131,113	-	131,113
Committed			
Capital projects	7,047,462	-	7,047,462
Unassigned	11,113,732	-	11,113,732
Total fund balances	<u>\$ 18,661,940</u>	<u>\$ 265,875</u>	<u>\$ 18,927,815</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,552,699</u>	<u>\$ 266,754</u>	<u>\$ 22,819,453</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, 2024

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	18,927,815	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets			
Capital assets not being depreciated/amortized	\$	4,450,085	
Capital assets being depreciated/amortized		41,442,947	
Accumulated depreciation/amortization		<u>(25,932,742)</u>	19,960,290
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	\$	726,911	
Lease receivable related items		65,019	
Unavailable revenue - opioid settlement receivable		<u>188,351</u>	980,281
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,416,958	
OPEB related items		<u>114,202</u>	1,531,160
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bond	\$	(577,807)	
Notes payable		(1,705,605)	
Premium on issuance		(2,196)	
Lease liabilities		(871,283)	
Financed purchases		(6,871,165)	
Accrued interest payable		(57,230)	
Compensated absences		(442,121)	
Net pension liability		(2,305,834)	
Net OPEB liability		<u>(440,338)</u>	(13,273,579)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(1,624,925)	
OPEB related items		<u>(76,086)</u>	(1,701,011)
Net position of governmental activities			<u><u>\$ 26,424,956</u></u>

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, 2024

	General Fund	Special Law Fund	Total
REVENUES			
General property taxes	\$ 18,683,303	\$ -	\$ 18,683,303
Other local taxes	3,728,036	-	3,728,036
Permits, privilege fees, and regulatory licenses	44,226	-	44,226
Fines and forfeitures	37,853	-	37,853
Revenue from the use of money and property	837,637	16,344	853,981
Charges for services	1,307,986	-	1,307,986
Miscellaneous	219,523	37,153	256,676
Recovered costs	4,855,338	-	4,855,338
Intergovernmental	16,079,634	-	16,079,634
Total revenues	<u>\$ 45,793,536</u>	<u>\$ 53,497</u>	<u>\$ 45,847,033</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,434,771	\$ -	\$ 3,434,771
Judicial administration	2,107,332	-	2,107,332
Public safety	10,610,184	124,602	10,734,786
Public works	6,418,500	-	6,418,500
Health and welfare	5,357,520	-	5,357,520
Education	9,003,619	-	9,003,619
Parks, recreation, and cultural	966,476	-	966,476
Community development	8,764,147	-	8,764,147
Capital projects	1,134,351	-	1,134,351
Debt service:			
Principal retirement	1,242,542	-	1,242,542
Interest and other fiscal charges	245,981	-	245,981
Total expenditures	<u>\$ 49,285,423</u>	<u>\$ 124,602</u>	<u>\$ 49,410,025</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,491,887)</u>	<u>\$ (71,105)</u>	<u>\$ (3,562,992)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of notes payable	\$ 1,427,836	\$ -	\$ 1,427,836
Issuance of leases	425,381	-	425,381
Sale of capital assets	130,740	-	130,740
Total other financing sources (uses)	<u>\$ 1,983,957</u>	<u>\$ -</u>	<u>\$ 1,983,957</u>
Net change in fund balances	\$ (1,507,930)	\$ (71,105)	\$ (1,579,035)
Fund balances - beginning	20,169,870	336,980	20,506,850
Fund balances - ending	<u>\$ 18,661,940</u>	<u>\$ 265,875</u>	<u>\$ 18,927,815</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, 2024

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

Net change in fund balances - total governmental funds \$ (1,579,035)

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/amortization expense. This is details of items supporting this adjustment:

Capital outlay	\$ 2,555,590	
Depreciation/amortization expense	(3,462,087)	(906,497)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. This is the carrying amount of disposed of assets during the year.

Disposal of assets (net)		(19,814)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 292,134	
Opioid settlement receivable	(8,562)	
Lease related items	(9,849)	273,723

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.

Debt issued or incurred:		
Issuance of notes payable	\$ (1,427,836)	
Issuance of lease liabilities	(425,381)	
Principal repayments:		
General obligation bond	183,548	
Financed purchases	735,185	
Lease liabilities	323,809	(610,675)

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	\$ (107,461)	
Change in accrued interest payable	8,498	
Change in pension related items	819,611	
Change in OPEB related items	29,781	
Amortization of bond premium	1,664	752,093

Change in net position of governmental activities		<u>\$ (2,090,205)</u>
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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, 2024

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,102,627
Accounts receivable, net of allowance for uncollectibles	518,166
Total current assets	\$ 2,620,793
Noncurrent assets:	
Restricted cash and cash equivalents:	
Customers' deposits	\$ 118,317
Debt reserves (bond covenants)	1,998,775
Total restricted assets	\$ 2,117,092
Capital assets:	
Capital assets, not being depreciated	\$ 144,200
Capital assets, net of accumulated depreciation	37,187,574
Total capital assets	\$ 37,331,774
Total noncurrent assets	\$ 39,448,866
Total assets	\$ 42,069,659
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 80,844
OPEB related items	6,685
Total deferred outflows of resources	\$ 87,529
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 329,010
Payroll liabilities	29,740
Customers' deposits	118,317
Accrued interest payable	24,492
Compensated absences - current portion	41,561
Bonds payable - current portion	711,781
Total current liabilities	\$ 1,254,901
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 13,853
Bonds payable - net of current portion	7,534,867
Net pension liability	140,996
Net OPEB liability	26,926
Total noncurrent liabilities	\$ 7,716,642
Total liabilities	\$ 8,971,543
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 173,882
OPEB related items	4,652
Total deferred inflows of resources	\$ 178,534
NET POSITION	
Net Investment in capital assets	\$ 29,085,126
Restricted:	
Bond covenants	1,998,775
Unrestricted	1,923,210
Total net position	\$ 33,007,111

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, 2024

	Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for services:	
Water revenues (serves as security for revenue bonds)	\$ 2,342,011
Sewer revenues (serves as security for revenue bonds)	3,037,671
Penalty	79,614
Miscellaneous	22,196
Total operating revenues	\$ 5,481,492
OPERATING EXPENSES	
Salaries and wages	\$ 562,299
Fringe benefits	157,383
Professional services	284,063
Utilities	362,692
Materials and supplies	414,126
Insurance	46,398
Travel	18,397
Dues and memberships	3,165
Permits	23,015
Rentals and leases	1,805
Repairs and maintenance	322,684
Purchased services	1,629,992
Depreciation	1,206,145
Total operating expenses	\$ 5,032,164
Operating income (loss)	\$ 449,328
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 76,539
Connection fees	10,980
Interest expense	(107,372)
Total nonoperating revenues (expenses)	\$ (19,853)
Change in net position	\$ 429,475
Net position - beginning	32,577,636
Net position - ending	\$ 33,007,111

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, 2024

	Enterprise Fund <u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 5,491,080
Payments to suppliers	(3,029,186)
Payments to and for employees	(804,347)
Net cash provided by (used for) operating activities	<u>\$ 1,657,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (103,320)
Principal payments on bonds	(706,650)
Connection fees	10,980
Interest expense	(109,177)
Net cash provided by (used for) capital and related financing activities	<u>\$ (908,167)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 76,539
Net cash provided by (used for) investing activities	<u>\$ 76,539</u>
Net increase (decrease) in cash and cash equivalents	\$ 825,919
Cash and cash equivalents - beginning - including restricted of \$2,122,213	3,393,800
Cash and cash equivalents - ending - including restricted of \$2,117,092	<u>\$ 4,219,719</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 449,328
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 1,206,145
(Increase) decrease in accounts receivable	14,709
(Increase) decrease in deferred outflows of resources	40,328
Increase (decrease) in customer deposits	(5,121)
Increase (decrease) in operating accounts payable	77,151
Increase (decrease) in compensated absences	(5,208)
Increase (decrease) in payroll liabilities	2,468
Increase (decrease) in deferred inflows of resources	(25,371)
Increase (decrease) in net pension liability	(92,989)
Increase (decrease) in net OPEB liability	(3,893)
Total adjustments	<u>\$ 1,208,219</u>
Net cash provided by (used for) operating activities	<u>\$ 1,657,547</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, 2024

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,012,134
Total assets	\$ 1,012,134
 LIABILITIES	
Accounts payable	\$ 24,139
Total liabilities	\$ 24,139
 NET POSITION	
Restricted	
AHEDC	\$ 342,667
Social services clients	11,107
United Fire and Rescue Association	628,033
Held for inmates	6,188
Total net position	\$ 987,995

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

County of Alleghany, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and grants	\$ 576,999
Deposits from inmates	159,398
Revenue from the use of money	33,405
Miscellaneous	910
Total additions	\$ 770,712
DEDUCTIONS	
Special welfare payments	\$ 51,955
United Fire expenses	403,050
Alleghany Highlands Economic Development payments	130,510
Inmate refunds	164,696
Total deductions	\$ 750,211
Net increase (decrease) in fiduciary net position	\$ 20,501
Net position, beginning of year	967,494
Net position, end of year	\$ 987,995

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 units, although legally separate entities, are, in substance, part of the government's operations. The 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 Unit - 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 Highlands Public Schools operates the elementary and secondary public schools in the County of Alleghany, Virginia and the City of Covington, Virginia. School Board members are appointed by the County of Alleghany, Virginia and the City of Covington, Virginia. 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, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business type activities*, which rely to a significant extent on fees and charges to external customers 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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 principal and interest expenditure on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for un-collectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the County.

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

The County 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, Courthouse Security, Children Coping with Divorce, Community Development Block Grant Funds, Asset Forfeiture, Career EMS, and Capital Improvements. Such funds have been merged for financial reporting purposes.

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

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

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

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.

Additionally, the County reports the following fund types:

Fiduciary funds (Custodial Funds) account for assets held by the government in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, United Fire and Rescue Association, Alleghany Highlands Economic Development Corporation, and Inmate Funds.

The School Board reports the following major fund types:

The *School Operating Fund* is the primary operating fund of the School Board and accounts for and reports all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from appropriations from the County of Alleghany, Virginia and City of Covington, Virginia and state and federal grants.

The *School Activity Fund* accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

The School Board reports the following nonmajor special revenue fund types:

The *Governor's School Fund* accounts for and reports all revenues and expenditures applicable to the general operations of the governor school, including state aid and charges for services.

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.

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

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments totaling \$15,628,904 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

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

3. Receivables and Payables

Activity between funds that 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). All other outstanding balances between funds are reported as either "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). 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.

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The County bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$283,741 at June 30, 2024 and is comprised of \$85,286 in property taxes, \$76,944 in refuse fees, and \$121,511 in water and sewer billings.

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

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

6. Use of Estimates

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

7. 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.

8. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$20,000 and \$5,000, respectively, and an estimated useful life in excess of two years.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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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)

8. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Lease land	5
Buildings	40
Building improvements	20 - 40
Land improvements	15 - 40
Infrastructure	20 - 65
Machinery and equipment	5 - 12
Lease machinery and equipment	2 - 3
Subscription asset	3

9. 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. 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.

10. Pensions

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

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

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

11. Other Postemployment Benefits (OPEB)

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

12. 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.

13. Fund Balance

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

Nonspendable - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);

Restricted - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;

Committed - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;

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

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

13. Fund Balance (Continued)

Assigned - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

Unassigned - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, 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).

14. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

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

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

14. Net Position (Continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

15. 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.

16. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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 certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable, lease related items, opioid settlement receivables are reported in the governmental funds balance sheet. The property tax amount is comprised of uncollected property taxes due prior to June 30th and amounts prepaid on taxes due December 5th 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 5th are reported as deferred inflows of resources. In addition, certain items related pension, OPEB, leases, and opioid settlement receivable are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

17. Leases

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

Lessor

The County and School Board recognize leases receivable and deferred inflows of resources in the government wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Lessee

The County and School Board recognize lease liabilities and intangible right-to-use lease assets (lease assets) with initial values of \$20,000 and \$5,000, respectively, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Subscriptions

The County recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$20,000, in individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

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

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

17. Leases (Continued)

Key Estimates and Judgements

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

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

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

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.

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

A. Budgetary information

5. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only the Board of Supervisors can revise the appropriation for each fund. 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.
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. Excess of expenditures over appropriations

At June 30, 2024, the special law fund expenditures exceeded appropriations.

C. Deficit fund balance

At June 30, 2024, there were no funds with deficit fund balance.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 3-Deposits and Investments: (Continued)

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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). In addition, local governments can investment funds in corporate notes that have received at least two of the following ratings: (i) at least Aa by Moody’s Investors Service, Inc.; (ii) at least AA by Standard and Poor’s; or (iii) at least AA by Fitch Ratings, Inc. At year end, the locality was in compliance with the aforementioned requirements.

The investments, as reported in the financial statements as of June 30, 2024, include negotiable certificate of deposits with an original maturity date over three months and have a balance of \$194,869. LGIP and money market funds are reported in the accompanying financial statements as cash and cash equivalents.

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, 2024 were rated by Standard & Poor’s (S&P) or Moody’s and the ratings are presented below using the Standard & Poor’s rating scale.

County’s Rated Debt Investments’ Values

Rated Debt Investments	Fair Quality Ratings						
	S&P					Moody’s	
	AAA _m	AAA	A-1	AA	AA+	Aaa	Unrated
Fidelity money market fund	\$ 559,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LGIP	1,607	-	-	-	-	-	-
Commercial paper	-	-	122,156	-	-	-	-
Corporate bonds	-	94,946	-	-	-	-	-
Municipal bonds	-	49,397	-	196,169	49,229	-	-
Government bonds	-	-	-	-	-	639,565	-
Government sponsored enterprises bonds	-	-	-	-	1,388,348	-	-
VML/VACO Virginia Investment Pool (VIP)	-	-	-	-	-	-	15,067,784

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Note 3-Deposits and Investments: (Continued)

External Investment Pools (Continued)

The primary government is a participant in the Virginia Investment Pool (VIP). VIP is a Section 115 governmental fund created under the Joint Exercise of Powers statute of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP Trust is governed by a Board of Trustees. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the above VACO/VML Investment Pool investment at the net asset value (NAV). VACO/VML VIP allows the County to have the option to have access to withdrawal funds twice a month, with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

Interest Rate Risk

The County has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year	1-5 Years
LGIP	\$ 1,607	\$ 1,607	\$ -
Commercial paper	122,156	122,156	-
Corporate bonds	94,946	-	94,946
Municipal bonds	294,795	246,909	47,886
Government sponsored enterprises bonds	639,565	546,035	93,530
Government bonds	1,388,348	739,667	648,681
VML/VACO Virginia Investment Pool (VIP)	15,067,784	15,067,784	-
Certificates of deposit	194,869	99,678	95,191
Totals	\$ 17,804,070	\$ 16,823,836	\$ 980,234

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, 2024

Note 4-Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2024:

Investment	6/30/2024	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Commercial paper	\$ 122,156	\$ 122,156
Corporate bonds	94,946	94,946
Municipal bonds	294,795	294,795
Certificates of deposit	194,869	194,869
Government sponsored enterprises bonds	639,565	639,565
Government bonds	1,388,348	1,388,348
Money market funds	559,513	559,513

Note 5-Due from Other Governmental Units:

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

	<u>Governmental Activities</u>	<u>Component Unit School Board</u>
Local:		
City of Covington	\$ 859,574	\$ -
County of Bath	173,554	-
Town of Clifton Forge	134,397	-
Commonwealth of Virginia:		
Local sales tax	190,884	-
State sales tax	-	627,574
Categorical aid, shared expenses	281,966	-
Other categorical aid	772,759	17,675
Non-categorical aid	52,094	-
Virginia public assistance funds	73,443	-
Community Services Authority	613,910	-
Federal government:		
Virginia public assistance funds	141,424	-
Categorical aid	1,100,000	2,085,658
	<u>\$ 4,394,005</u>	<u>\$ 2,730,907</u>

Note 6-Transfers and Interfund Obligations:

Interfund transfers for the year ended June 30, 2024, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Component Unit-School Board:		
School Operating Fund	\$ 38,269	\$ 532,531
School Activity Fund	532,531	32,253
Governor's School Fund	-	6,016
Total	<u>\$ 570,800</u>	<u>\$ 570,800</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 6-Transfers and Interfund Obligations: (Continued)

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration. At June 30, 2024, there were no interfund balances.

Note 7-Component-Unit Obligations and Contributions:

Primary government contributions to the component unit for the year ended June 30, 2024, consisted of the following:

Component Unit:	
School Board	\$ 8,993,619

At June 30, 2024, there were no component unit obligation.

Note 8-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, 2024.

	Balance July 1, 2023	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2024
Direct borrowings and placements:				
General obligation bonds	\$ 761,355	\$ -	\$ (183,548)	\$ 577,807
Notes payable	277,769	1,427,836	-	1,705,605
Premium on issuance	3,860		(1,664)	2,196
Financed purchases	7,606,350	-	(735,185)	6,871,165
Lease liabilities	769,711	425,381	(323,809)	871,283
Compensated absences	334,660	358,456	(250,995)	442,121
Net pension liability	3,255,536	3,948,038	(4,897,740)	2,305,834
Net OPEB liability	428,792	195,110	(183,564)	440,338
	\$ 13,438,033	\$ 6,354,821	\$ (6,576,505)	\$ 13,216,349
Total				

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2025	\$ 926,348	\$ 235,022	\$ 230,603	\$ 19,308
2026	934,404	207,302	170,067	12,587
2027	937,933	179,172	168,693	8,629
2028	744,173	155,391	174,409	4,467
2029	748,014	136,009	110,381	700
2030-2034	4,863,705	309,800	17,130	107
Totals	\$ 9,154,577	\$ 1,222,696	\$ 871,283	\$ 45,798

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
VPSA GO Bond - Series 2006	4.225% to 5.100%	11/1/06	2027	\$ 3,205,141	\$ 577,807	\$ 187,860
Note payable - 2022A	5.60%	3/3/22	2032	3,175,000	1,705,605	-
Premium on Issuance	n/a	n/a	n/a	n/a	2,196	1,210
Financed purchase	2.4095%	10/5/17	2033	7,640,000	5,815,000	650,000
Financed purchase	3.8359%	3/21/19	2034	1,450,000	1,056,165	88,488
Total Direct Borrowings and Placements					\$ 9,156,773	\$ 927,558
Lease Liabilities:						
Cell Tower Lease ⁽¹⁾	3.50%	10/1/18	2029	\$ 296,621	\$ 153,316	\$ 31,966
Cell Tower Lease ⁽¹⁾	3.00%	12/1/18	2029	278,283	147,035	29,883
Cell Tower Lease ⁽¹⁾	1.50%	7/1/20	2030	194,861	121,667	19,642
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	9,932	7,875
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	9,932	7,875
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	9,932	7,875
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	9,932	7,875
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	9,932	7,875
Copiers ⁽¹⁾	0.73%	3/1/20	2025	21,500	2,911	2,911
Postage Machine	0.73%	3/1/22	2028	17,522	9,419	3,510
Copier	3.38%	12/15/22	2028	7,461	5,218	1,465
Copier	2.41%	3/2/23	2028	24,388	18,132	4,788
Cell Tower Lease	2.00%	6/1/24	2024	194,361	191,091	35,813
Vehicle	2.81%	7/1/23	2025	29,234	12,675	12,675
Vehicle	2.97%	7/1/23	2025	29,234	12,684	12,684
Vehicle	2.53%	7/1/23	2025	29,172	12,634	12,634
Vehicle	13.46%	3/1/24	2029	46,176	43,477	7,177
Vehicle	7.23%	3/1/24	2029	48,602	45,603	8,524
Vehicle	13.45%	3/1/24	2029	48,602	45,761	7,556
Total Lease Liabilities					\$ 871,283	\$ 230,603
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 442,121	\$ 331,591
Net Pension Liability	n/a	n/a	n/a	n/a	2,305,834	-
Net OPEB Liability	n/a	n/a	n/a	n/a	440,338	-
Total Other Obligations					\$ 3,188,293	\$ 331,591
Total Long-term obligations					\$ 13,216,349	\$ 1,489,752

⁽¹⁾ The lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

For the governmental activities, compensated absences, net OPEB liability, and net pension liability are generally liquidated by the General Fund.

The County’s VPSA Bonds is subject to the state aid intercept program. Under terms of the program, the County’s State aid is redirected to bond holders to cure any event(s) of default.

In an event of default occurs with VPSA bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

In an event of default occurs with the 2022A note payable, the bank is entitled to take possession of the real estate located at 100 Falling Spring Circle, and any/all improvements related to same. The bank is also entitled to any leases the government has entered into relating to the aforementioned real estate. This meaning, that the bank will takeover any existing leases in the event of default and be entitled to the associated lease revenues. Additionally, in an event of default, the bank is entitled to future lease revenue.

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, 2024.

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increases/</u> <u>Issuances</u>	<u>Decreases/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Direct borrowings and placements:				
Revenue bonds	\$ 8,953,298	\$ -	\$ (706,650)	\$ 8,246,648
Compensated absences	60,622	40,259	(45,467)	55,414
Net pension liability	233,985	239,326	(332,315)	140,996
Net OPEB liability	30,819	11,656	(15,549)	26,926
Total	<u>\$ 9,278,724</u>	<u>\$ 291,241</u>	<u>\$ (1,099,981)</u>	<u>\$ 8,469,984</u>

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Note 8-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,	Direct Borrowings and Placements	
	Principal	Interest
2025	\$ 711,781	\$ 104,046
2026	700,224	98,675
2027	705,332	93,567
2028	710,552	88,347
2029	630,684	83,011
2030-2034	2,373,148	330,743
2035-2039	1,376,554	183,309
2040-2044	478,159	93,243
2045-2049	437,254	39,326
2050-2051	122,960	1,946
Totals	\$ 8,246,648	\$ 1,116,213

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 8-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds						
Rural Development Bond	4.50%	2/13/01	2039	\$ 463,000	\$ 259,938	\$ 13,235
Rural Development Bond	2.25%	11/9/10	2051	2,429,000	1,891,239	53,305
VRA Bond	0.00%	12/8/10	2020	4,385,649	1,754,260	219,282
VRA Bond	3.00%	10/18/12	2044	563,500	395,652	16,547
VRA Bond	1.45%	10/22/15	2038	3,733,313	2,602,096	183,468
VRA Bond	3.00%	2/1/05	2032	248,548	16,555	16,555
VRA Bond	0.00%	2/28/07	2029	3,408,175	766,840	170,409
VRA Bond*	0.00%	2/11/20	2041	779,606	560,068	38,980
Total Revenue Bonds					\$ 8,246,648	\$ 711,781
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 55,414	\$ 41,561
Net Pension Liability	n/a	n/a	n/a	n/a	140,996	-
Net OPEB Liability	n/a	n/a	n/a	n/a	26,926	-
Total Other Obligations					\$ 223,336	\$ 41,561
Total Long-term obligations					\$ 8,469,984	\$ 753,342

*As of June 30, 2024, only \$696,498 has been drawn down.

For the business-type activities, compensated absences, net OPEB liability, and net pension liability are generally liquidated by the Water and Sewer Fund.

VRA bonds require that the County maintain a debt service coverage ratio of at least 1.15. For the year ending June 30, 2024, the County was in compliance with this requirement.

In an event of default occurs with VRA and Rural Development bonds, the principal of the bond(s) may be declared immediately due and payable to the register owner of the bond(s) by written notice to the County.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 9-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, 2024.

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Direct borrowings and placements:				
Financed purchases	\$ 21,652	\$ -	\$ (10,650)	\$ 11,002
Lease liabilities	29,788	-	(28,701)	1,087
Compensated absences	332,701	301,244	(249,526)	384,419
Net OPEB liabilities	5,841,990	3,380,503	(3,343,449)	5,879,044
Net pension liabilities	18,231,946	19,526,549	(19,232,999)	18,525,496
 Total	 \$ 24,458,077	 \$ 23,208,296	 \$ (22,865,325)	 \$ 24,801,048

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

<u>Year Ending June 30,</u>	<u>Direct borrowings and placements</u>		<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 11,002	\$ 363	\$ 1,087	\$ 3
Totals	\$ 11,002	\$ 363	\$ 1,087	\$ 3

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 9-Long-term Obligations-Component Unit School Board: (Continued)

Discretely Presented Component Unit-School Board-Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Direct Borrowings and Placements:						
Financed purchase	330.00%	10/23/19	2025	\$ 62,500	\$ 11,002	\$ 11,002
Lease liabilities:						
Postage Lease ⁽¹⁾	0.61%	3/5/20	2025	\$ 8,065	\$ 1,087	\$ 1,087
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 384,419	\$ 288,314
Net Pension Liability	n/a	n/a	n/a	n/a	18,525,496	-
Net OPEB Liabilities	n/a	n/a	n/a	n/a	5,879,044	-
Total Other Obligations					\$ 24,788,959	\$ 288,314
Total Long-term obligations					\$ 24,801,048	\$ 300,403

⁽¹⁾ The lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

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Note 10-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through the County of Alleghany and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 10-Pension Plans: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2024 was 12.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

Note 10-Pension Plans: (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 County were \$1,234,829 and \$1,179,952 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the County reported a liability of \$2,446,830 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. 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 as of June 30, 2023 and 2022 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2023 and 2022, the County's proportion was 99.4916% and 99.4544%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Alleghany County's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Note 10-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Alleghany County’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Note 10-Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 10-Pension Plans: (Continued)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 10-Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 10-Pension Plans: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 8,415,199	\$ 2,446,830	\$ (2,407,928)

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

For the year ended June 30, 2024, the County recognized pension expense of \$287,132. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

Note 10-Pension Plans: (Continued)

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

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,103,435
Changes in assumptions	205,113	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	57,860	30,755
Net difference between projected and actual earnings on pension plan investments	-	664,617
Employer contributions subsequent to the measurement date	<u>1,234,829</u>	<u>-</u>
Total	<u>\$ 1,497,802</u>	<u>\$ 1,798,807</u>

\$1,234,829 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>
2025	\$ (864,863)
2026	(1,234,694)
2027	541,910
2028	21,813

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Note 10-Pension Plans: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Nonprofessional)

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

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	115
Inactive members:	
Vested inactive members	18
Non-vested inactive members	26
Inactive members active elsewhere in VRS	16
Total inactive members	60
Active members	91
Total covered employees	266

Contributions

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 5.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 10-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (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 \$131,893 and \$122,200 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The Component Unit School Board’s (nonprofessional) net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Changes in Net Pension Liability (Asset)

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 15,145,994	\$ 15,513,939	\$ (367,945)
Changes for the year:			
Service cost	\$ 410,567	\$ -	\$ 410,567
Interest	796,493	-	796,493
Differences between expected and actual experience	(109,669)	-	(109,669)
Contributions - employer	-	140,776	(140,776)
Contributions - employee	-	115,583	(115,583)
Net investment income	-	967,748	(967,748)
Benefit payments	(987,792)	(987,792)	-
Administrative expenses	-	(10,359)	10,359
Other changes	-	382	(382)
Net changes	<u>\$ 109,599</u>	<u>\$ 226,338</u>	<u>\$ (116,739)</u>
Balances at June 30, 2023	<u>\$ 15,255,593</u>	<u>\$ 15,740,277</u>	<u>\$ (484,684)</u>

Note 10-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 1,089,124	\$ (484,684)	\$ (1,820,524)

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

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized pension expense of \$(2,223,169). At June 30, 2024, 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	\$ 1,977,285	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	24,722	286,192
Employer contributions subsequent to the measurement date	131,893	-
Total	<u>\$ 2,133,900</u>	<u>\$ 286,192</u>

Note 10-Pension Plans: (Continued)

Component Unit School Board (Nonprofessional) (Continued)

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

\$131,893 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 Asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2025	\$ 1,400,577
2026	77,684
2027	226,674
2028	10,880

Component Unit School Board (Professional)

Plan Description

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

Additional Information regarding the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division’s contractually required employer contribution rate for the year ended June 30, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,087,777 and \$2,893,321 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Contributions (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payments was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the Statements of Activities of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$18,525,496 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023 the school division's proportion was 0.1833% as compare to 0.1915% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized pension expense of \$940,261. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 1,591,356	\$ 722,944
Net difference between projected and actual earnings on pension plan investments	-	1,204,531
Changes of assumptions	839,826	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,589,419	6,248,303
Employer contributions subsequent to the measurement date	3,087,777	-
	<u>3,087,777</u>	<u>-</u>
Total	<u>\$ 10,108,378</u>	<u>\$ 8,175,778</u>

\$3,087,777 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 fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2025	\$ (1,037,563)
2026	(1,584,202)
2027	1,241,823
2028	224,765

Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

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Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	57,574,609
Plan Fiduciary Net Position		47,467,405
Employers' Net Pension Liability (Asset)	\$	<u><u>10,107,204</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.45%

Note 10-Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability (Continued)

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)

School division's proportionate
 share of the VRS Teacher
 Employee Retirement Plan
 Net Pension Liability (Asset)

\$	32,839,096	\$	18,525,496	\$	6,758,539
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 10-Pension Plans: (Continued)

Primary Government and Component Unit School Board

Aggregate Pension Information

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (asset), and pension expense for the year ended June 30, 2024.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,497,802	\$ 1,798,807	\$ 2,446,830	\$ 287,132	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	2,133,900	286,192	(484,684)	(2,223,169)
School Board Professional	-	-	-	-	10,108,378	8,175,778	18,525,496	940,261
Totals	\$ 1,497,802	\$ 1,798,807	\$ 2,446,830	\$ 287,132	\$ 12,242,278	\$ 8,461,970	\$ 18,040,812	\$ (1,282,908)

Note 11-Other Postemployment Benefits - Health Insurance:

Component Unit School Board:

Plan Description

In addition to the pension benefits described in Note 10, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Alleghany County Public Schools Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Component Unit School Board’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

The 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.

Plan Membership

At June 30, 2024 (measurement date), the following employees were covered by the benefit terms:

Total active employees	432
Total retirees	8
Total spouses of retirees	2
Total	442

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)

Component Unit School Board: (Continued)

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Component Unit School Board. The amount paid by the Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2024 was \$69,672.

Total OPEB Liability

The Component Unit School Board's total OPEB liability was measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2023 2.50% per year as of June 30, 2024
Salary Increases	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Discount Rate	3.65% as of June 30, 2023 3.93% as of June 30, 2024

The mortality rates for pre-retirement are based on the Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service-related.

The mortality rates for post-retirement are based on Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The mortality rates for post-disablement are based on the Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)

Component Unit School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93) than the current discount rate:

Rate		
1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
\$ 2,676,578	\$ 2,512,315	\$ 2,354,552

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.10% decreasing to an ultimate rate of 2.90%) or one percentage point higher (7.10% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (5.10% decreasing to 2.90%)	Trend (6.10% decreasing to 3.90%)	1% Increase (7.10% decreasing to 4.90%)
\$ 2,285,729	\$ 2,512,315	\$ 2,770,547

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the Component Unit School Board recognized OPEB expense in the amount of \$279,095. At June 30, 2024, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 224,708	\$ 11,235
Changes in assumptions	218,447	61,124
Total	<u>\$ 443,155</u>	<u>\$ 72,359</u>

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)

Component Unit School Board: (Continued)

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
 (Continued)***

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 90,802
2026	90,806
2027	93,014
2028	65,011
2029	25,759
Thereafter	5,404

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$54,191 and \$49,561 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were \$14,439 and \$13,230 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the GLI Plan from the Component Unit School Board (professional) were \$104,909 and \$97,726 for the years ended June 30, 2024 and June 30, 2023, respectively.

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions (Continued)

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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

County of Alleghany, Virginia GLI Plan

At June 30, 2024, the entity reported a liability of \$467,264 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.0389% as compared to 0.0382% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$21,516. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional) GLI Plan

At June 30, 2024, the entity reported a liability of \$124,729 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.0104% as compared to 0.0113% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$1,129. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

Component Unit School Board (professional) GLI Plan (Continued)

At June 30, 2024, the entity reported a liability of \$921,433 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer’s proportion was 0.0768% as compared to 0.0816% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$(10,645). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,668	\$ 14,183	\$ 12,457	\$ 3,786	\$ 92,029	\$ 27,970
Net difference between projected and actual earnings on GLI OPEB plan investments	-	18,777	-	5,012	-	37,028
Change in assumptions	9,988	32,373	2,666	8,642	19,696	63,840
Changes in proportionate share	10,040	15,405	18,920	32,637	258,304	378,607
Employer contributions subsequent to the measurement date	54,191	-	14,439	-	104,909	-
Total	\$ 120,887	\$ 80,738	\$ 48,482	\$ 50,077	\$ 474,938	\$ 507,445

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$54,191, \$14,439, and \$104,909 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2025	\$ (6,577)	\$ (4,681)	\$ (46,868)
2026	(22,352)	(8,323)	(68,897)
2027	7,353	(809)	(8,478)
2028	1,305	(1,643)	(12,335)
2029	6,229	(578)	(838)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males asset forward 1 year; 105 % of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disables Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males et forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighed Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB
	Plan
	<hr/>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
GLI Net OPEB Liability (Asset)	<hr/> <u>\$ 1,199,313</u> <hr/>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 692,631	\$ 467,264	\$ 285,053
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 184,887	\$ 124,729	\$ 76,090
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,365,851	\$ 921,433	\$ 562,117

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher HIC Plan were \$234,852 and \$218,865 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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

At June 30, 2024, the school division reported a liability of \$2,197,511 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2023 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.1814% as compared to 0.1902% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC OPEB expense of \$77,945. Since there was a change in proportionate share measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 96,724
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	1,103	-
Change in assumptions	51,154	2,214
Change in proportionate share and differences between actual and expected contributions	600,138	898,115
Employer contributions subsequent to the measurement date	234,852	-
Total	\$ 887,247	\$ 997,053

\$234,852 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (97,541)
2026	(80,845)
2027	(57,403)
2028	(53,436)
2029	(36,433)
Thereafter	(19,000)

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions:(Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,475,471
Plan Fiduciary Net Position	264,054
Teacher Employee Net HIC OPEB Liability (Asset)	<u>\$ 1,211,417</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	17.90%

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net Teacher Employee HIC OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>8.25%</u>

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2023, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division’s proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division’s proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 2,485,631	\$ 2,197,511	\$ 1,953,355

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. Effective July 1, 2017, all full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	25
Vested inactive members	4
Active elsewhere in VRS	16
Active members	91
Total covered employees	<u><u>136</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board’s (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2024 was 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$22,154 and \$20,335 for the year ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The Component Unit School Board’s (nonprofessional) net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year expected return of 8.25 %. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 197,728	\$ 73,631	\$ 124,097
Changes for the year:			
Service cost	\$ 2,397	\$ -	\$ 2,397
Interest	13,107	-	13,107
Differences between expected and actual experience	10,902	-	10,902
Assumption changes	-	-	-
Contributions - employer	-	21,659	(21,659)
Net investment income	-	5,490	(5,490)
Benefit payments	(11,873)	(11,873)	-
Administrative expenses	-	(152)	152
Other changes	-	450	(450)
Net changes	\$ 14,533	\$ 15,574	\$ (1,041)
Balances at June 30, 2023	\$ 212,261	\$ 89,205	\$ 123,056

Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability	\$ 144,632	\$ 123,056	\$ 104,559

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2024, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$(24,943). At June 30, 2024, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,604	\$ 15,966
Net difference between projected and actual earnings on HIC OPEB plan investments	459	963
Change in assumptions	15,866	-
Employer contributions subsequent to the measurement date	22,154	-
Total	\$ 100,083	\$ 16,929

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)

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

\$22,154 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board’s (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2025	\$	14,879
2026		16,702
2027		20,908
2028		8,511

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net other postemployment benefits liabilities, and other postemployment benefits expense for the year ended June 30, 2024.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan								
County	\$ 120,887	\$ 80,738	\$ 467,264	\$ 21,516	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	48,482	50,077	124,729	1,129
School Board Professional	-	-	-	-	474,938	507,445	921,433	(10,645)
Health Insurance Credit Plan	-	-	-	-	100,083	16,929	123,056	(24,943)
Teacher Health Insurance Credit Plan	-	-	-	-	887,247	997,053	2,197,511	77,945
School Stand-Alone Plan								
Former Alleghany County School Board Employees	-	-	-	-	443,155	72,359	2,512,315	279,095
Totals	\$ 120,887	\$ 80,738	\$ 467,264	\$ 21,516	\$ 1,953,905	\$ 1,643,863	\$ 5,879,044	\$ 322,581

Note 16-Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2024 was \$44,903.

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 17-Capital Assets:

Capital asset activity for the year ended June 30, 2024 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,359,578	\$ -	\$ -	\$ 2,359,578
Construction in progress	1,379,793	710,714	-	2,090,507
Total capital assets not being depreciated/amortized	\$ 3,739,371	\$ 710,714	\$ -	\$ 4,450,085
Capital assets, being depreciated/amortized:				
Lease land	\$ -	\$ 194,361	\$ -	\$ 194,361
Buildings and improvements	18,507,764	-	-	18,507,764
Land improvements	2,932,411	-	-	2,932,411
Machinery and equipment	17,820,867	1,419,495	(519,388)	18,720,974
Lease machinery and equipment	1,225,574	231,020	(369,157)	1,087,437
Subscription asset	121,763	-	(121,763)	-
Total capital assets being depreciated/amortized	\$ 40,608,379	\$ 1,844,876	\$ (1,010,308)	\$ 41,442,947
Accumulated depreciation/amortization:				
Lease land	\$ -	\$ (3,088)	\$ -	\$ (3,088)
Buildings and improvements	(12,546,671)	(571,100)	-	(13,117,771)
Land improvements	(377,979)	(81,742)	-	(459,721)
Machinery and equipment	(10,012,512)	(2,412,283)	519,388	(11,905,407)
Lease machinery and equipment	(493,963)	(302,135)	349,343	(446,755)
Subscription asset	(30,024)	(91,739)	121,763	-
Total accumulated depreciation/amortization	\$ (23,461,149)	\$ (3,462,087)	\$ 990,494	\$ (25,932,742)
Total capital assets being depreciated/amortized, net	\$ 17,147,230	\$ (1,617,211)	\$ (19,814)	\$ 15,510,205
Governmental activities capital assets, net	\$ 20,886,601	\$ (906,497)	\$ (19,814)	\$ 19,960,290

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 17-Capital Assets: (Continued)

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 88,980	\$ -	\$ -	\$ 88,980
Construction in progress	-	55,220	-	55,220
Total capital assets not being depreciated	<u>\$ 88,980</u>	<u>\$ 55,220</u>	<u>\$ -</u>	<u>\$ 144,200</u>
Capital assets, being depreciated:				
Infrastructure	\$ 57,558,007	\$ -	\$ -	\$ 57,558,007
Machinery and equipment	802,882	48,100	-	850,982
Total capital assets being depreciated	<u>\$ 58,360,889</u>	<u>\$ 48,100</u>	<u>\$ -</u>	<u>\$ 58,408,989</u>
Accumulated depreciation:				
Infrastructure	\$ (19,393,016)	\$ (1,179,949)	\$ -	\$ (20,572,965)
Machinery and equipment	(622,254)	(26,196)	-	(648,450)
Total accumulated depreciation	<u>\$ (20,015,270)</u>	<u>\$ (1,206,145)</u>	<u>\$ -</u>	<u>\$ (21,221,415)</u>
Total capital assets being depreciated, net	<u>\$ 38,345,619</u>	<u>\$ (1,158,045)</u>	<u>\$ -</u>	<u>\$ 37,187,574</u>
Business-type activities capital assets, net	<u>\$ 38,434,599</u>	<u>\$ (1,102,825)</u>	<u>\$ -</u>	<u>\$ 37,331,774</u>

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

Governmental activities:

General government administration	\$ 672,576
Judicial administration	13,477
Public safety	2,381,928
Public works	167,482
Health and welfare	70,905
Education	74,678
Parks, recreation, and cultural	81,041

Total depreciation/amortization expense-governmental activities \$ 3,462,087

Business-type activities:

Water and sewer fund	<u>\$ 1,206,145</u>
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Total depreciation expense-primary government \$ 4,668,232

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 17-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2024 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 1,736,902	\$ -	\$ -	\$ 1,736,902
Construction in progress	1,786,531	3,848,751	(2,403,848)	3,231,434
Total capital assets not being depreciated/amortized	<u>\$ 3,523,433</u>	<u>\$ 3,848,751</u>	<u>\$ (2,403,848)</u>	<u>\$ 4,968,336</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	\$ 40,690,867	\$ 2,189,907	\$ -	\$ 42,880,774
Machinery and equipment	12,309,113	2,950,448	(111,478)	15,148,083
Lease machinery and equipment	84,698	-	(78,772)	5,926
Total capital assets being depreciated/amortized	<u>\$ 53,084,678</u>	<u>\$ 5,140,355</u>	<u>\$ (190,250)</u>	<u>\$ 58,034,783</u>
Accumulated depreciation/amortization:				
Buildings and improvements	\$ (25,235,720)	\$ (1,159,784)	\$ -	\$ (26,395,504)
Machinery and equipment	(7,777,306)	(1,115,537)	111,478	(8,781,365)
Lease machinery and equipment	(54,897)	(28,711)	78,772	(4,836)
Total accumulated depreciation/amortization	<u>\$ (33,067,923)</u>	<u>\$ (2,304,032)</u>	<u>\$ 190,250</u>	<u>\$ (35,181,705)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 20,016,755</u>	<u>\$ 2,836,323</u>	<u>\$ -</u>	<u>\$ 22,853,078</u>
School Board capital assets, net	<u>\$ 23,540,188</u>	<u>\$ 6,685,074</u>	<u>\$ (2,403,848)</u>	<u>\$ 27,821,414</u>

Note 18-Leases Receivable:

General Fund:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 629,949</u>	<u>\$ -</u>	<u>\$ (135,632)</u>	<u>\$ 494,317</u>	<u>\$ 10,741</u>

Lease revenue recognized during the fiscal year was \$125,784.

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 18-Leases Receivable: (Continued)

Details of leases receivable:

Lease Description	Lease Origination Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Building	9/1/2021	6/30/2027	Monthly	2.00%	\$ 418,576	\$ 133,890
Building	10/1/2004	9/30/1934	Annually	1.17%	75,741	7,184
Total					<u>\$ 494,317</u>	<u>\$ 141,074</u>

There are no variable payments for any of the lease receivables above

School Operating Fund:

The following is a summary of leases receivable transactions of the School Board for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	<u>\$ 6,263</u>	<u>\$ 146,877</u>	<u>\$ (32,894)</u>	<u>\$ 120,246</u>	<u>\$ 518</u>

Lease revenue recognized during the fiscal year was \$35,185.

Details of leases receivable:

Lease Description	Lease Origination Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower	11/1/2018	10/31/2023	Monthly	3.00%	\$ 84,571	\$ 17,566
Building	8/1/2023	5/31/2026	Monthly	2.50%	35,675	16,893
Total					<u>\$ 120,246</u>	<u>\$ 34,459</u>

There are no variable payments for any of the lease receivables above

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 19-Unearned and Deferred/Unavailable Revenue:

Unearned and deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis of accounting, assessment for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 726,911
Prepaid property taxes due after June 30 but paid in advance by taxpayers	51,977	51,977
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	188,351
Lease related items	429,298	494,317
	\$ 481,275	\$ 1,461,556

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2024

Note 20-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.

Note 21-Commitments and Contingencies:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this regulation 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 was involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

Project	Contract Amount	Contract Amount Outstanding at June 30, 2024	Funding Source
Primary Government			
Jackson River Trail - Phase 5	\$ 1,911,809	\$ 38,276	Local & Federal Funds
Component Unit School Board			
Alleghany High School & Jackson River Technical Center Roof Replacement	2,318,809	373,760	Local Funds
Alleghany High School Track Renovations	983,796	200,489	Local Funds

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Note 22-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland - Surety:

Debbie Byer, Clerk of the Circuit Court	\$ 103,000
Teresa Brown, Treasurer	400,000
Shelia Selleck, Commissioner of the Revenue	3,000
Kyle Moore, 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

Virginia Association of Counties Group Self Insurance Risk Pool:

County Administrator's Employees	\$ 250,000
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Component Unit School Board:

VACoRP:

All School Board employees: blanket bond	\$ 250,000
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Note 23-Litigation:

At June 30, 2024, 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 24-Tax Abatements:

The County entered into an economic incentive tax abatement agreement with Love's Travel Stops & Country Stores (Love's) in June of 2015 in accordance with the *Code of Virginia, 1950 as amended*. Terms of the agreement require the County to remit the aggregate sum of all real estate, personal property, sales and meals taxes collected from Love's to the Industrial Development Authority of Alleghany County (IDA) within three months of the end of each calendar year for a period of ten years or until the taxes remitted reach \$907,488. The IDA will subsequently transfer funds received from the County to Love's. Terms of the agreement require Love's to invest \$8,500,000 in site improvements and employ 31 individuals (working at least 30 hours per week) with a cumulative hourly wage of not less than \$9.00 per hour plus benefits. Taxes remitted under the agreement are prorated if the aforementioned targets are not achieved by Love's. A complete copy of the tax abatement agreement is maintained at the County Offices. For the year ending, June 30, 2024, no amounts were due under the agreement as capital investment thresholds in the agreement have not been achieved.

Note 24-Tax Abatements: (Continued)

The County entered into an economic incentive tax abatement agreement with Westrock Virginia, LLC (Westrock) in January of 2021 in accordance with the *Code of Virginia, 1950 as amended*. Terms of the agreement require the County to remit certain machinery and tools taxes collected from Westrock to the Industrial Development Authority of Alleghany County (IDA) no later than November 1 of the year following the due date of the tax payments. The IDA will subsequently transfer funds received from the County to Westrock. Terms of the agreement required Westrock to invest \$119,000,000 of gross new capital investment as of the performance date of January 1, 2021, which Westrock has met. For the year ending June 30, 2024, funds totaling \$163,985 were remitted under the agreement. A complete copy of the tax abatement agreement is maintained at the County Offices.

Note 25-Upcoming Pronouncements:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

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, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 19,017,424	\$ 19,162,424	\$ 18,683,303	\$ (479,121)
Other local taxes	3,626,000	3,626,000	3,728,036	102,036
Permits, privilege fees, and regulatory licenses	60,250	60,250	44,226	(16,024)
Fines and forfeitures	20,022	20,022	37,853	17,831
Revenue from the use of money and property	248,506	248,506	837,637	589,131
Charges for services	1,295,650	1,298,150	1,307,986	9,836
Miscellaneous	95,120	95,120	219,523	124,403
Recovered costs	2,543,709	2,558,569	4,855,338	2,296,769
Intergovernmental	18,634,376	19,607,938	16,079,634	(3,528,304)
Total revenues	\$ 45,541,057	\$ 46,676,979	\$ 45,793,536	\$ (883,443)
EXPENDITURES				
Current:				
General government administration	\$ 3,174,880	\$ 5,324,056	\$ 3,434,771	\$ 1,889,285
Judicial administration	2,278,396	2,284,067	2,107,332	176,735
Public safety	9,472,354	10,336,167	10,610,184	(274,017)
Public works	5,385,121	6,786,645	6,418,500	368,145
Health and welfare	5,839,869	6,050,651	5,357,520	693,131
Education	13,238,269	10,332,371	9,003,619	1,328,752
Parks, recreation, and cultural	928,541	1,011,478	966,476	45,002
Community development	7,215,657	11,190,590	8,764,147	2,426,443
Nondepartmental	116,169	609,108	-	609,108
Capital projects	433,088	1,463,436	1,134,351	329,085
Debt service:				
Principal retirement	1,232,531	1,243,094	1,242,542	552
Interest and other fiscal charges	245,981	245,981	245,981	-
Total expenditures	\$ 49,560,856	\$ 56,877,644	\$ 49,285,423	\$ 7,592,221
Excess (deficiency) of revenues over (under) expenditures	\$ (4,019,799)	\$ (10,200,665)	\$ (3,491,887)	\$ 6,708,778
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 300	\$ 13,710	\$ -	\$ (13,710)
Issuance of notes payable	3,000,000	3,000,000	1,427,836	(1,572,164)
Issuances of leases	-	-	425,381	425,381
Sale of capital assets	1,500	91,432	130,740	39,308
Total other financing sources (uses)	\$ 3,001,800	\$ 3,105,142	\$ 1,983,957	\$ (1,121,185)
Net change in fund balances	\$ (1,017,999)	\$ (7,095,523)	\$ (1,507,930)	\$ 5,587,593
Fund balances - beginning	1,017,999	7,095,523	20,169,870	13,074,347
Fund balances - ending	\$ -	\$ -	\$ 18,661,940	\$ 18,661,940

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, 2024

	Special Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue (loss) from the use of money and property	\$ -	\$ -	\$ 16,344	\$ 16,344
Miscellaneous	53,500	53,500	37,153	(16,347)
Total revenues	\$ 53,500	\$ 53,500	\$ 53,497	\$ (3)
EXPENDITURES				
Current:				
Public safety	\$ 53,500	\$ 53,500	\$ 124,602	\$ (71,102)
Total expenditures	\$ 53,500	\$ 53,500	\$ 124,602	\$ (71,102)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (71,105)	\$ (71,105)
Net change in fund balances	\$ -	\$ -	\$ (71,105)	\$ (71,105)
Fund balances - beginning	-	-	336,980	336,980
Fund balances - ending	\$ -	\$ -	\$ 265,875	\$ 265,875

County of Alleghany, Virginia
 Schedule of Employer's Proportionate Share of the Net Pension Liability
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2023

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered 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)
Primary Government - County Retirement Plan					
2023	99.4916%	\$ 2,446,830	\$ 9,168,665	26.69%	105.54%
2022	99.4544%	3,489,521	8,302,794	42.03%	92.37%
2021	99.3873%	1,924,562	7,997,699	24.06%	95.73%
2020	98.0809%	7,650,571	7,893,134	96.93%	81.69%
2019	98.0921%	5,473,387	7,694,730	71.13%	86.20%
2018	98.1550%	4,726,291	7,680,737	61.53%	87.40%
2017	98.0210%	4,742,655	7,149,766	66.33%	86.70%
2016	98.5707%	6,624,002	6,810,317	97.26%	80.95%
2015	99.6400%	6,769,225	6,838,216	98.99%	80.70%
2014	99.6400%	6,554,832	6,909,250	94.87%	80.72%
Component Unit School Board (professional) ^(a)					
2023	0.1833%	\$ 18,525,496	\$ 18,088,019	102.42%	82.45%
2022	0.1915%	18,231,946	17,722,794	102.87%	82.61%

^(a) Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2022 through June 30, 2023

	2023	2022
Total pension liability		
Service cost	\$ 410,567	\$ 203,219
Interest	796,493	1,007,312
Differences between expected and actual experience	(109,669)	(278,449)
Benefit payments	(987,792)	(1,012,004)
Special item-school merger	-	15,225,916
Net change in total pension liability	\$ 109,599	\$ 15,145,994
Total pension liability - beginning	15,145,994	-
Total pension liability - ending (a)	\$ 15,255,593	\$ 15,145,994
 Plan fiduciary net position		
Contributions - employer	\$ 140,776	\$ 146,972
Contributions - employee	115,583	111,768
Net investment income	967,748	(5,630)
Benefit payments	(987,792)	(1,012,004)
Administrative charges	(10,359)	(10,328)
Other	382	364
Special item-school merger	-	16,282,797
Net change in plan fiduciary net position	\$ 226,338	\$ 15,513,939
Plan fiduciary net position - beginning	15,513,939	-
Plan fiduciary net position - ending (b)	\$ 15,740,277	\$ 15,513,939
 School division's net pension liability (asset) - ending (a) - (b)	\$ (484,684)	\$ (367,945)
 Plan fiduciary net position as a percentage of the total pension liability	103.18%	102.43%
 Covered payroll	\$ 2,450,058	\$ 2,449,510
 School Division's net pension liability as a percentage of covered payroll	-19.78%	-15.02%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Schedule of Employer Contributions
 Pension Plans
 For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 1,234,829	\$ 1,234,829	\$ -	\$ 10,029,672	12.31%
2023	1,179,952	1,179,952	-	9,168,665	12.87%
2022	1,003,702	1,003,702	-	8,302,794	12.09%
2021	971,412	971,412	-	7,997,699	12.15%
2020	869,995	869,995	-	7,893,134	11.02%
2019	852,575	852,575	-	7,694,730	11.08%
2018	844,368	844,368	-	7,680,737	10.99%
2017	812,492	812,492	-	7,149,766	11.36%
2016	1,002,243	1,002,243	-	6,810,317	14.72%
2015	999,546	999,546	-	6,838,216	14.62%
Component Unit School Board (nonprofessional) ^(a)					
2024	\$ 131,893	\$ 131,893	\$ -	\$ 2,669,117	4.94%
2023	122,200	122,200	-	2,450,058	4.99%
Component Unit School Board (professional) ^(a)					
2024	\$ 3,087,777	\$ 3,087,777	\$ -	\$ 19,409,289	15.91%
2023	2,893,321	2,893,321	-	18,088,019	16.00%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

^(a) Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2023 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Alleghany, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2022 through June 30, 2024

	<u>2024</u>	<u>2023</u>
Total OPEB liability		
Service cost	\$ 119,285	\$ 103,784
Interest	84,287	68,824
Effect of economic/demographic gains or losses	164,636	-
Effect of assumptions changes or inputs	(10,683)	11,799
Benefit payments	(69,672)	(152,796)
Special item-school merger	-	2,192,851
Net change in total OPEB liability	<u>\$ 287,853</u>	<u>\$ 2,224,462</u>
Total OPEB liability - beginning	<u>2,224,462</u>	<u>-</u>
Total OPEB liability - ending	<u><u>\$ 2,512,315</u></u>	<u><u>\$ 2,224,462</u></u>
Covered - employee payroll	\$ 21,590,614	\$ 19,270,252
Component Unit School Board's total OPEB liability (asset)		
as a percentage of covered - employee payroll	11.64%	11.54%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022/2023 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2024

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Valuation Date:	7/1/2024
Measurement Date:	6/30/2024
Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.93% as of June 30, 2024; 3.65% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2024; 2.50% per year as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.10% in 2024 and gradually declines to 3.90% by 2073
Salary Increase Rates	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Retirement Age	The average age at retirement is 62
Mortality Rates	<p>The mortality rates for pre-retirement are based on the Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 5% of deaths are assumed to be service-related.</p> <p>The mortality rates for post-retirement are based on Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>The mortality rates for post-disablement are based on the Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p> <p>The mortality rates for beneficiaries and survivors are based on the Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally. Base rates are projected generationally with a Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.</p>

County of Alleghany, Virginia
 Schedule of Employer's Share of the Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government ^(a)					
2023	0.0389%	\$ 467,264	\$ 9,177,911	5.09%	69.30%
2022	0.0382%	459,611	8,302,794	5.54%	67.21%
2021	0.0388%	451,053	7,997,699	5.64%	67.45%
2020	0.0384%	640,156	7,893,134	8.11%	52.64%
2019	0.0393%	639,126	7,694,730	8.31%	52.00%
2018	0.0404%	613,469	7,680,737	7.99%	51.22%
2017	0.0388%	583,225	7,149,766	8.16%	48.86%
Component Unit School Board (nonprofessional) ^(b)					
2023	0.0104%	\$ 124,729	\$ 2,450,058	5.09%	69.30%
2022	0.0113%	135,701	2,451,601	5.54%	67.21%
Component Unit School Board (professional) ^(b)					
2023	0.0768%	\$ 921,433	\$ 18,097,337	5.09%	69.30%
2022	0.0816%	982,543	17,749,234	5.54%	67.21%

^(a) Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

^(b) Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2024	\$ 54,191	\$ 54,191	-	\$ 10,035,427	0.54%
2023	49,561	49,561	-	9,177,911	0.54%
2022	44,835	44,835	-	8,302,794	0.54%
2021	43,192	43,192	-	7,997,699	0.54%
2020	41,043	41,043	-	7,893,134	0.52%
2019	40,013	40,013	-	7,694,730	0.52%
2018	39,940	39,940	-	7,680,737	0.52%
2017	37,187	37,187	-	7,149,766	0.52%
2016	32,803	32,803	-	6,810,317	0.48%
2015	33,173	33,173	-	6,838,216	0.49%
Component Unit School Board (nonprofessional) ^(a)					
2024	\$ 14,439	\$ 14,439	-	\$ 2,673,924	0.54%
2023	13,230	13,230	-	2,450,058	0.54%
Component Unit School Board (professional) ^(a)					
2024	\$ 104,909	\$ 104,909	-	\$ 19,427,538	0.54%
2023	97,726	97,726	-	18,097,337	0.54%

^(a) Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2023 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Alleghany, Virginia
 Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2022 through June 30, 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2023	0.1814%	\$ 2,197,511	\$ 18,088,019	12.15%	17.90%
2022	0.1902%	2,375,187	17,722,794	13.40%	15.08%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Schedule of Employer Contributions
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2023 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 234,852	\$ 234,852	\$ -	\$ 19,409,289	1.21%
2023	218,865	218,865	-	18,088,019	1.21%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2023 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Alleghany, Virginia
 Schedule of Changes in the Component Unit School Board's (nonprofessional) Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2022 through June 30, 2024

	2023	2022
Total HIC OPEB Liability		
Service cost	\$ 2,397	\$ 4,733
Interest	13,107	12,846
Differences between expected and actual experience	10,902	(21,261)
Changes of assumptions	-	22,426
Benefit payments	(11,873)	(13,187)
Special item-school merger	-	192,171
Net change in total HIC OPEB liability	<u>\$ 14,533</u>	<u>\$ 197,728</u>
Total HIC OPEB Liability - beginning	197,728	-
Total HIC OPEB Liability - ending (a)	<u><u>\$ 212,261</u></u>	<u><u>\$ 197,728</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 21,659	\$ 20,279
Net investment income	5,490	(87)
Benefit payments	(11,873)	(13,187)
Administrative charges	(152)	(133)
Other	450	8,432
Special item-school merger	-	58,327
Net change in plan fiduciary net position	<u>\$ 15,574</u>	<u>\$ 73,631</u>
Plan fiduciary net position - beginning	73,631	-
Plan fiduciary net position - ending (b)	<u><u>\$ 89,205</u></u>	<u><u>\$ 73,631</u></u>
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 123,056	\$ 124,097
Plan fiduciary net position as a percentage of the total HIC OPEB liability	42.03%	37.24%
Covered payroll	\$ 2,450,058	\$ 2,449,510
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	5.02%	5.07%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2022 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2023 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2024	\$ 22,154	\$ 22,154	-	\$ 2,669,117	0.83%
2023	20,335	20,335	-	2,450,058	0.83%

Schedule is intended to show information for 10 years. As of July 1, 2023, Alleghany County School Board, Covington City School Board, and Jackson River Technical School merged to form Alleghany Highlands Public Schools. As a result, information prior to 2023 is not available for Alleghany Highlands Public Schools; however, additional years will be included as they become available.

County of Alleghany, Virginia
 Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2024

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

FIDUCIARY FUNDS

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.

Inmate Funds - The Inmate Account fund accounts for the inmate activity.

County of Alleghany, Virginia
 Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2024

	Custodial Funds						
	Alleghany Highlands		Economic Development Corporation		Inmate Funds	Total	
	Special Welfare	United Fire & Rescue Association	Development Corporation	Inmate Funds	Total	Total	
ASSETS							
Cash and cash equivalents	\$ 11,107	\$ 628,033	\$ 358,560	\$ 14,434	\$ 1,012,134	\$ 1,012,134	
Total assets	\$ 11,107	\$ 628,033	\$ 358,560	\$ 14,434	\$ 1,012,134	\$ 1,012,134	
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 15,893	\$ 8,246	\$ 24,139	\$ 24,139	
Total liabilities	\$ -	\$ -	\$ 15,893	\$ 8,246	\$ 24,139	\$ 24,139	
NET POSITION							
Restricted							
AHEDC	\$ -	\$ -	\$ 342,667	\$ -	\$ 342,667	\$ 342,667	
Social services clients	11,107	-	-	-	11,107	11,107	
United Fire and Rescue Association	-	628,033	-	-	628,033	628,033	
Held for inmates	-	-	-	6,188	6,188	6,188	
Total net position	\$ 11,107	\$ 628,033	\$ 342,667	\$ 6,188	\$ 987,995	\$ 987,995	

County of Alleghany, Virginia
 Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2024

	Custodial Funds					<u>Total</u>
	<u>Special Welfare</u>	<u>United Fire & Rescue Association</u>	<u>Alleghany Highlands Economic Development Corporation</u>	<u>Inmate Funds</u>		
ADDITIONS						
Contributions and grants	\$ 51,892	\$ 348,597	\$ 176,510	\$ -	\$ -	\$ 576,999
Deposits from inmates	-	-	-	159,398	-	159,398
Revenue from the use of money	4	27,240	6,161	-	-	33,405
Miscellaneous	-	-	910	-	-	910
Total additions	<u>\$ 51,896</u>	<u>\$ 375,837</u>	<u>\$ 183,581</u>	<u>\$ 159,398</u>	<u>\$ -</u>	<u>\$ 770,712</u>
DEDUCTIONS						
Special welfare payments	\$ 51,955	-	-	-	-	\$ 51,955
United Fire expenses	-	403,050	-	-	-	403,050
Alleghany Highlands Economic Development payments	-	-	130,510	-	-	130,510
Inmate refunds	-	-	-	164,696	-	164,696
Total deductions	<u>\$ 51,955</u>	<u>\$ 403,050</u>	<u>\$ 130,510</u>	<u>\$ 164,696</u>	<u>\$ -</u>	<u>\$ 750,211</u>
Net increase (decrease) in fiduciary net position	\$ (59)	\$ (27,213)	\$ 53,071	\$ (5,298)	\$ -	\$ 20,501
Net position, beginning of year	11,166	655,246	289,596	11,486	-	967,494
Net position, end of year	<u>\$ 11,107</u>	<u>\$ 628,033</u>	<u>\$ 342,667</u>	<u>\$ 6,188</u>	<u>\$ -</u>	<u>\$ 987,995</u>

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

School Activity Fund - The School Activity Fund accounts for and reports all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from any and all activities of the individual schools.

County of Alleghany, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2024

	School Operating Fund	School Activity Fund	Nonmajor Special Revenue Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,220,728	\$ 1,449,029	\$ 193,145	\$ 9,862,902
Receivables (net of allowance for uncollectibles):				
Accounts receivable	106,302	-	-	106,302
Leases receivable	120,246	-	-	120,246
Due from other governmental units	2,730,907	-	-	2,730,907
Prepaid items	581,969	-	1,281	583,250
Total assets	<u>\$ 11,760,152</u>	<u>\$ 1,449,029</u>	<u>\$ 194,426</u>	<u>\$ 13,403,607</u>
LIABILITIES				
Accounts payable	\$ 143,795	\$ -	\$ -	\$ 143,795
Accrued liabilities	1,634,438	-	-	1,634,438
Construction and retainage payable	1,760,921	-	-	1,760,921
Unearned revenue	1,576	-	-	1,576
Total liabilities	<u>\$ 3,540,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,540,730</u>
DEFERRED INFLOWS OF RESOURCES				
Lease related items	\$ 120,246	\$ -	\$ -	\$ 120,246
Total deferred inflows of resources	<u>\$ 120,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,246</u>
FUND BALANCES				
Nonspendable				
Prepaid items	\$ 581,969	\$ -	\$ 1,281	\$ 583,250
Restricted:				
School food program	345,260	-	-	345,260
School construction	1,931,654	-	-	1,931,654
School activity fund	-	1,449,029	-	1,449,029
Governor's school fund	-	-	193,145	193,145
Unrestricted	5,240,293	-	-	5,240,293
Total fund balances	<u>\$ 8,099,176</u>	<u>\$ 1,449,029</u>	<u>\$ 194,426</u>	<u>\$ 9,742,631</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,760,152</u>	<u>\$ 1,449,029</u>	<u>\$ 194,426</u>	<u>\$ 13,403,607</u>

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

Total fund balances per above	\$ 9,742,631
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	
Capital assets not being depreciated/amortized	\$ 4,968,336
Capital assets being depreciated/amortized	58,034,783
Accumulated depreciation/amortization	<u>(35,181,705)</u>
	27,821,414
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Net pension asset	484,684
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 12,242,278
OPEB related items	<u>1,953,905</u>
	14,196,183
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Financed purchases	\$ (11,002)
Lease liabilities	(1,087)
Accrued interest payable	(204)
Compensated absences	(384,419)
Net OPEB liabilities	(5,879,044)
Net pension liabilities	<u>(18,525,496)</u>
	(24,801,252)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Leases receivable related items	\$ 2,531
Pension related items	(8,461,970)
OPEB related items	<u>(1,643,863)</u>
	(10,103,302)
Net position of governmental activities	<u>\$ 17,340,358</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, 2024

	School Operating Fund	School Activity Fund*	Nonmajor Special Revenue Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 69,575	\$ -	\$ -	\$ 69,575
Charges for services	127,366	598,218	65,370	790,954
Miscellaneous	217,117	-	-	217,117
Recovered costs	86,778	-	-	86,778
Intergovernmental	49,250,983	-	54,571	49,305,554
Total revenues	<u>\$ 49,751,819</u>	<u>\$ 598,218</u>	<u>\$ 119,941</u>	<u>\$ 50,469,978</u>
EXPENDITURES				
Current:				
Education	\$ 48,897,210	\$ 1,024,828	\$ 173,351	\$ 50,095,389
Debt service:				
Principal retirement	39,351	-	-	39,351
Interest and other fiscal charges	773	-	-	773
Total expenditures	<u>\$ 48,937,334</u>	<u>\$ 1,024,828</u>	<u>\$ 173,351</u>	<u>\$ 50,135,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 814,485</u>	<u>\$ (426,610)</u>	<u>\$ (53,410)</u>	<u>\$ 334,465</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 38,269	\$ 532,531	\$ -	\$ 570,800
Transfers out	(532,531)	(32,253)	(6,016)	(570,800)
Total other financing sources (uses)	<u>\$ (494,262)</u>	<u>\$ 500,278</u>	<u>\$ (6,016)</u>	<u>\$ -</u>
Net change in fund balances	\$ 320,223	\$ 73,668	\$ (59,426)	\$ 334,465
Fund balances - beginning	7,778,953	1,375,361	253,852	9,408,166
Fund balances - ending	<u>\$ 8,099,176</u>	<u>\$ 1,449,029</u>	<u>\$ 194,426</u>	<u>\$ 9,742,631</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 \$ 334,465

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/amortization expense. This is details of items supporting this adjustment:

Capital outlay	\$ 6,585,258	
Depreciation/amortization expense	<u>(2,304,032)</u>	4,281,226

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

State non-employe contributions to the pension plan	\$ 270,274	
Leases receivable	<u>2,290</u>	272,564

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 issuance costs, 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:		
Financed purchases	\$ 10,650	
Lease liabilities	<u>28,701</u>	39,351

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	\$ (51,718)	
Change in accrued interest payable	197	
Change in OPEB related items	140,886	
Change in pension related items	<u>4,521,154</u>	4,610,519

Change in net position of governmental activities \$ 9,538,125

*The School Activity Fund does not require a legally adopted budget.

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, 2024

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 43,003	\$ 43,003	\$ 69,575	\$ 26,572
Charges for services	133,637	133,637	127,366	(6,271)
Miscellaneous	153,460	153,460	217,117	63,657
Recovered costs	67,056	67,056	86,778	19,722
Intergovernmental	51,243,241	51,243,241	49,250,983	(1,992,258)
Total revenues	<u>\$ 51,640,397</u>	<u>\$ 51,640,397</u>	<u>\$ 49,751,819</u>	<u>\$ (1,888,578)</u>
EXPENDITURES				
Current:				
Education	\$ 51,622,199	\$ 51,622,199	\$ 48,897,210	\$ 2,724,989
Debt service:				
Principal retirement	28,701	28,701	39,351	(10,650)
Interest and other fiscal charges	58	58	773	(715)
Total expenditures	<u>\$ 51,650,958</u>	<u>\$ 51,650,958</u>	<u>\$ 48,937,334</u>	<u>\$ 2,713,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,561)</u>	<u>\$ (10,561)</u>	<u>\$ 814,485</u>	<u>\$ 825,046</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 12,500	\$ 12,500	\$ 38,269	\$ 25,769
Transfers out	-	-	(532,531)	(532,531)
Total other financing sources (uses)	<u>\$ 12,500</u>	<u>\$ 12,500</u>	<u>\$ (494,262)</u>	<u>\$ (506,762)</u>
Net change in fund balances	\$ 1,939	\$ 1,939	\$ 320,223	\$ 318,284
Fund balances - beginning	-	-	7,778,953	7,778,953
Fund balances - ending	<u>\$ 1,939</u>	<u>\$ 1,939</u>	<u>\$ 8,099,176</u>	<u>\$ 8,097,237</u>

County of Alleghany, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
June 30, 2024

	Governor's School <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 193,145
Prepaid items	1,281
Total assets	\$ 194,426
 FUND BALANCES	
Nonspendable	\$ 1,281
Restricted:	
Governor's school fund	193,145
Total fund balances	\$ 194,426
Total liabilities and fund balances	\$ 194,426

County of Alleghany, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2024

	Governor's School Fund
REVENUES	
Charges for services	\$ 65,370
Intergovernmental	54,571
Total revenues	\$ 119,941
EXPENDITURES	
Current:	
Education	\$ 173,351
Total expenditures	\$ 173,351
Excess (deficiency) of revenues over (under) expenditures	\$ (53,410)
OTHER FINANCING SOURCES (USES)	
Transfers out	\$ (6,016)
Total other financing sources and uses	\$ (6,016)
Net change in fund balances	\$ (59,426)
Fund balances - beginning	253,852
Fund balances - ending	\$ 194,426

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
2023-24	\$ 2,528,213	\$ 2,063,194	\$ 10,806,146	\$ 6,010,832	\$ 5,010,852	\$ 9,078,297	\$ 1,034,559	\$ 6,587,711	\$ 235,819	\$ 5,139,536	\$ 48,495,159
2022-23	1,501,246	1,946,131	10,429,971	4,941,871	4,858,708	9,325,738	1,399,972	1,896,192	276,192	5,342,479	41,918,500
2021-22	1,975,187	1,660,718	10,509,624	3,719,878	4,956,690	22,551,054	616,441	3,107,967	341,371	4,982,842	54,421,772
2020-21	1,692,123	1,973,873	8,697,550	3,862,889	4,998,275	12,087,978	959,643	1,353,474	367,366	5,157,477	41,150,648
2019-20	1,962,153	1,951,077	7,534,991	2,709,932	4,317,407	11,925,940	911,422	448,368	361,568	4,986,888	37,109,746
2018-19	1,876,436	1,773,496	6,714,712	2,835,040	3,921,484	14,020,932	889,151	503,925	352,208	5,604,209	38,491,593
2017-18	2,202,672	1,712,583	6,486,342	2,925,303	4,063,044	11,964,651	925,770	498,773	301,115	5,097,889	36,178,142
2016-17	2,013,686	1,727,111	6,281,243	3,069,619	4,328,093	11,953,884	810,438	2,120,959	252,340	5,174,652	37,732,025
2015-16	2,265,730	1,578,405	5,669,932	3,082,441	4,203,749	11,703,747	861,841	444,866	295,265	4,379,654	34,485,630
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

Table 2

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			
2023-24	\$ 6,975,145	\$ 12,471,594	\$ 1,110,980	\$ 18,975,437	\$ 3,728,036	\$ 794,887	\$ 270,310	\$ 2,508,040	\$ 46,834,429		
2022-23	6,802,446	9,354,068	17,232	18,360,654	3,801,523	516,148	208,761	2,517,773	41,578,605		
2021-22	6,060,858	15,221,134	26,563	18,357,354	3,476,422	(105,915)	436,153	2,466,724	45,939,293		
2020-21	6,040,098	12,824,692	481,204	18,059,396	3,139,124	42,610	235,947	2,504,359	43,327,430		
2019-20	5,858,014	10,425,472	169,385	17,189,549	2,983,930	272,749	273,627	2,513,883	39,686,609		
2018-19	6,317,575	9,585,129	28,610	16,519,123	2,884,888	362,347	188,242	2,526,887	38,412,801		
2017-18	5,139,759	9,238,584	323,639	16,431,926	2,666,441	104,191	202,316	2,430,722	36,537,578		
2016-17	4,921,947	9,497,971	2,196,671	16,216,009	2,582,898	54,297	1,657,373	2,485,685	39,612,851		
2015-16	5,767,026	9,248,437	350,815	16,438,002	2,693,879	78,919	214,733	2,392,061	37,183,872		
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		

Excludes special and extraordinary items.

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
2023-24	\$ 3,434,771	\$ 2,107,332	\$ 10,734,786	\$ 6,418,500	\$ 5,357,520	\$ 50,105,389	\$ 966,476	\$ 8,764,147	\$ -	\$ 1,528,647	\$ 1,134,351	\$ 90,551,919
2022-23	2,778,698	1,979,583	9,470,705	5,134,338	5,136,476	44,621,706	2,042,395	1,070,028	383,812	1,637,244	893,546	75,148,531
2021-22	2,630,666	1,959,014	8,451,388	3,890,740	5,339,183	27,104,923	1,058,120	1,945,732	24,999	2,225,040	1,618,395	56,248,200
2020-21	2,620,641	1,934,303	8,537,845	3,763,624	5,547,527	26,627,987	936,236	1,119,314	230,454	1,875,472	2,513,860	55,707,263
2019-20	2,293,670	1,885,442	7,945,487	2,812,376	4,498,575	27,279,073	847,868	411,713	-	1,878,480	1,246,493	51,099,177
2018-19	2,410,812	1,915,434	9,547,323	3,030,465	4,248,728	26,238,382	895,773	484,727	-	2,032,742	4,839,557	55,643,943
2017-18	2,433,382	1,861,223	7,200,210	2,952,696	4,314,905	26,166,569	1,114,578	507,543	-	1,955,449	1,610,406	50,116,961
2016-17	2,358,500	1,766,569	6,765,064	3,021,282	4,518,362	26,708,173	2,940,320	2,124,181	-	1,890,373	458,621	52,551,445
2015-16	2,408,993	1,623,127	6,292,769	3,196,499	4,605,417	26,272,527	1,387,272	433,733	-	2,036,381	421,253	48,677,971
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

(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
2023-24	\$ 18,683,303	\$ 3,728,036	\$ 44,226	\$ 37,853	\$ 923,556	\$ 2,098,940	\$ 473,793	\$ 4,942,116	\$ 56,391,569	\$ 87,323,392
2022-23	18,564,424	3,801,523	54,243	30,915	566,094	2,048,737	327,634	2,169,429	51,290,707	78,853,706
2021-22	18,276,916	3,476,422	75,607	42,697	15,672	1,784,975	439,369	2,033,656	34,395,109	60,540,423
2020-21	18,192,280	3,139,124	33,666	53,128	42,749	1,490,177	497,933	2,586,868	30,589,069	56,624,994
2019-20	17,185,474	2,983,930	33,859	36,059	268,425	1,314,951	436,683	1,763,843	27,584,846	51,608,070
2018-19	16,404,843	2,884,888	51,300	37,911	331,689	1,400,979	627,157	1,770,598	27,075,224	50,584,589
2017-18	16,460,574	2,666,441	38,140	74,780	110,639	977,849	753,140	1,706,379	28,559,523	51,347,465
2016-17	16,146,070	2,582,898	29,471	101,353	43,670	936,678	2,182,220	1,526,569	28,559,523	52,108,452
2015-16	16,432,520	2,693,879	34,172	37,102	72,950	872,014	793,960	1,674,885	26,368,912	48,980,394
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

(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 Outstanding Delinquent Taxes to Tax Levy
2023-24	\$ 20,160,516	\$ 19,770,833	98.07%	\$ 335,454	\$ 20,106,287	99.73%	\$ 822,798	4.08%
2022-23	19,882,499	19,547,996	98.32%	381,350	19,929,346	100.24%	659,275	3.32%
2021-22	19,823,368	19,441,928	98.08%	258,003	19,699,931	99.38%	728,925	3.68%
2020-21	19,591,077	19,161,513	97.81%	439,012	19,600,525	100.05%	637,518	3.25%
2019-20	18,568,687	18,334,126	98.74%	303,005	18,637,131	100.37%	761,404	4.10%
2018-19	17,892,794	17,555,526	98.12%	310,788	17,866,314	99.85%	726,449	4.06%
2017-18	17,785,917	17,493,648	98.36%	398,881	17,892,529	100.60%	683,135	3.84%
2016-17	17,571,198	17,140,464	97.55%	227,217	17,367,681	98.84%	743,351	4.23%
2015-16	17,749,218	17,241,475	97.14%	320,486	17,561,961	98.94%	699,953	3.94%
2014-15	17,613,882	16,996,592	96.50%	329,846	17,326,438	98.37%	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%

(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
2023-24	\$ 1,247,791,748	\$ 175,157,684	\$ 216,179,587	\$ 148,378,295	\$ 1,787,507,314
2022-23	1,236,672,127	168,193,065	212,818,436	161,804,348	1,779,487,976
2021-22	1,232,515,523	161,896,577	211,565,658	176,963,249	1,782,941,007
2020-21	1,225,302,182	148,834,949	211,215,719	179,426,407	1,764,779,257
2019-20	1,216,992,597	144,746,455	185,257,582	190,079,083	1,737,075,717
2018-19	1,213,322,557	142,500,508	180,847,337	173,277,086	1,709,947,488
2017-18	1,211,932,214	70,928,863	90,396,100	178,515,715	1,551,772,892
2016-17	1,205,493,480	69,838,584	87,848,224	170,703,976	1,533,884,264
2015-16	1,202,425,765	66,764,432	98,782,735	179,762,641	1,547,735,573
2014-15	1,198,562,696	66,625,672	96,917,748	176,440,723	1,538,546,839

(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

Fiscal Year	Real Estate	Personal Property	Mobile Home	Machinery and Tools
2023-24	\$ 0.73	\$ 2.98	\$ 0.73	\$ 2.98
2022-23	0.73	2.98	0.73	2.98
2021-22	0.73	2.98	0.73	2.98
2020-21	0.73	2.98	0.73	2.98
2019-20	0.73	2.98	0.73	2.98
2018-19	0.71	2.98	0.71	2.98
2017-18	0.71	5.95	0.71	5.95
2016-17	0.71	5.95	0.71	5.95
2015-16	0.69	5.95	0.69	5.95
2014-15	0.67	5.95	0.67	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)	Real Estate Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2023-24	14,632	\$ 1,247,792	\$ 580,003	\$ 580,003	0.05%	\$ 40
2022-23	14,835	1,236,672	765,215	765,215	0.06%	52
2021-22	14,986	1,232,516	946,812	946,812	0.08%	63
2020-21	15,223	1,225,302	2,264,860	2,264,860	0.18%	149
2019-20	14,910	1,216,993	3,559,561	3,559,561	0.29%	239
2018-19	14,910	1,213,323	4,836,269	4,836,269	0.40%	324
2017-18	15,820	1,211,932	6,491,474	6,491,474	0.54%	410
2016-17	15,820	1,205,493	8,121,354	8,121,354	0.67%	513
2015-16	15,820	1,202,426	9,652,194	9,652,194	0.80%	610
2014-15	15,820	1,198,563	11,325,995	11,325,995	0.94%	716

(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, lease liabilities, and compensated absences.

COMPLIANCE SECTION



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

**To The 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, 2024, 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 July 24, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Alleghany, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Alleghany, Virginia's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be material weaknesses.

Report on Internal Control over Financial Reporting (continued)

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Alleghany, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County of Alleghany, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County of Alleghany, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia

July 24, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Alleghany, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Alleghany, Virginia's major federal programs for the year ended June 30, 2024. 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.

In our opinion, the County of Alleghany, Virginia complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Alleghany, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Alleghany, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Alleghany, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Alleghany, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Alleghany, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County of Alleghany, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Alleghany, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Alleghany, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County of Alleghany, Virginia's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The County of Alleghany, Virginia's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
July 24, 2025

County of Allegheny, Virginia
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2024

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
<i>Virginia Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	400123/400124	\$ 245,515
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950122/950123	5,923
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	500123/500124	1,148
Low-Income Home Energy Assistance	93.568	600423/600424	58,693
<i>CCDF Cluster:</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760123/760124	55,027
<i>Total CCDF Cluster</i>			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900122/900123	224
Foster Care - Title IV-E	93.658	1100123/1100124	134,571
Title IV-E Prevention Program	93.472	1140123/1140124	4,647
Adoption Assistance	93.659	1120123/1120124	70,894
Social Services Block Grant	93.667	1000123/1000124	257,897
Children's Health Insurance Program	93.767	540123/540124	3,978
<i>Medicaid Cluster:</i>			
Medical Assistance Program	93.778	1200123/1200124	354,233
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/9150123	3,130
Guardianship Assistance	93.090	1110123/1110124	328
Total Department of Health and Human Services			<u>\$ 1,196,208</u>
Department of Agriculture:			
Pass Through Payments:			
<i>Virginia Department of Education:</i>			
<i>Forest Service Schools and Roads Cluster:</i>			
Schools and Roads - Grants to States	10.665	APE438410000	\$ 134,998
COVID-19 Pandemic EBT Administrative Costs	10.649	DOE865560000	3,256
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	APE402530000	\$ 421,787
National School Lunch Program	10.555	APE402540000/APE411080000	1,253,986
Summer Food Service Program for Children	10.559	APE603020000/APE603030000	36,411
<i>Total Child Nutrition Cluster</i>			
<i>Virginia Department of Social Services:</i>			1,712,184
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10123/10124/40123/40124	457,231
Total Department of Agriculture			<u>\$ 2,307,669</u>
Department of Transportation:			
Pass Through Payments:			
<i>Virginia Department of Transportation:</i>			
Alcohol Open Container Requirements	20.607	ENF_AL-2023-53119-23119/ ENF_AL-2024-54301-24301	\$ 3,534
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	BPT-2023-53121-23121/ BPT-2024-54321-24321	7,195
Total Department of Transportation			<u>\$ 10,729</u>
Department of Justice:			
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Services:</i>			
Crime Victim Assistance	16.575	15POVC21GG00602ASSI/ 15POVC22GG00681ASSI	\$ 71,958
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA23GG03038MUMU	3,135
Total Department of Justice			<u>\$ 75,093</u>
Department of Treasury:			
Direct payments:			
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	Not applicable	\$ 680,651
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Services</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	0000122373	118,587
Total Department of Treasury			<u>\$ 799,238</u>

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	EMP-2023-EP-00006	\$ 7,234
Homeland Security Grant Program	97.067	EMW-2023-SS-00109	13,814
Total Department of Homeland Security			<u>\$ 21,048</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Virginia Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	117612	\$ 258,517
Total Department of Housing and Urban Development			<u>\$ 258,517</u>
Department of Commerce:			
Direct payments:			
<i>Economic Development Cluster:</i>			
Investments for Public Works and Economic Development Facilities	11.300	Not applicable	\$ 1,100,000
Total Economic Development Administration			<u>\$ 1,100,000</u>
Department of Education:			
Pass Through Payments:			
<i>Virginia Department of Education:</i>			
Title I: Grants to Local Educational Agencies	84.010	APE429010000	\$ 897,532
Career and Technical Education: Basic Grants to States	84.048	APE600310000/APE600311005	72,442
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	APE402870000/APE430710000	\$ 719,305
Special Education - Preschool Grants	84.173	APE625210000/APE402860000	18,009
<i>Total Special Education Cluster</i>			<u>737,314</u>
Supporting Effective Instruction State Grants	84.367	APE614800000	110,287
Student Support and Academic Enrichment Program	84.424	APE602810000	66,206
Rural Education	84.358	APE434810000	34,482
<i>Education Stabilization Fund:</i>			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	APE501950000	\$ 279,973
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	APE501930000	3,519,028
<i>Total Education Stabilization Fund</i>			<u>3,799,001</u>
<i>Virginia Tech:</i>			
English Language Acquisition State Grants	84.365	Not available	2,229
<i>City of Roanoke, Virginia School Board:</i>			
Adult Education - Basic Grants to States	84.002	Not available	16,063
Total Department of Education			<u>\$ 5,735,556</u>
Total Expenditures of Federal Awards			<u>\$ 11,504,058</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 award activity of the County of Alleghany, Virginia under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County 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 Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect to use 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C -- Food Distribution

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

Note D -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2024.

Note E -- Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note F -- Relationship to the Financial Statements

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

Primary government:	
General Fund-Intergovernmental	\$ 16,079,634
Less: Revenue from the Commonwealth	(11,685,950)
Less: Payments in Lieu of Taxes	(475,620)
Component Unit School Board:	
School Operating Fund-Intergovernmental	49,250,983
Less: Revenue from Local Governments	(11,557,865)
Less: Revenue from the Commonwealth	(30,107,124)
Governor's School Fund-Intergovernmental	54,571
Less: Revenue from the Commonwealth	<u>(54,571)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 11,504,058</u>

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)? Yes

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
11.300	Economic Development Cluster
21.032	Local Assistance and Tribal Consistency Fund
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings**Finding 2024-001****(Significant Deficiency)**

Criteria: An organization should prepare reconciliations to ensure amounts reported in the financial statements are materially correct.

Condition: The County's Department of Social Services failed to document reconciliations of the special welfare ledger to the County's books.

Cause: The Department experienced turnover and new employees are still in the process of learning their roles and responsibilities.

Effect: The subsidiary ledger does not agree with the bank statement or related reconciliation.

Recommendation: The Social Services Department should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.

Management's Response: Management concurs with the finding and will begin reconciling activity and balances on a monthly basis.

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings (Continued)

Finding 2024-002
(Material Weakness)

Criteria:	Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP).
Cause:	Controls in place were inadequate to identify all year end adjustments that were necessary for the financial statements to be presented in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	The County and School Board should review proposed audit adjustments and consider same as they close out the books for the 2024/2025 fiscal year.
Management's Response:	Management will implement the procedures recommended by the Auditor above.

Finding 2024-003
(Material Weakness)

Criteria:	Fund 910 and other funds should reconcile to one another.
Condition:	The County uses fund 910 within the general ledger as a reconciliation and control fund. Each bank account is reconciled to assets in the fund monthly. Liabilities in the fund (910) offset assets (or bank holdings) of the fund. The liabilities represent the cash held for each fund (general fund, school fund, etc.). When comparing the cash in fund 910 held for each fund and the actual cash reported in each fund, we found variances in a number of funds.
Cause:	The County implemented a new software system in the fiscal year. As a result, the software system was not set up to correctly to record transactions in all the funds affected.
Effect:	All transactions were not properly recorded in all the funds necessary.
Recommendation:	The County monthly reconciliations should be expanded to verify that cash reported in each fund agree with the amounts held for each fund within fund 910.
Management's Response:	Management concurs with the finding and will begin verifying cash reported in each fund agree with the amounts held for each fund within fund 910.

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section III - Federal Award Findings and Questioned Costs

Finding 2024-004

Program Title:	Education Stabilization Fund
ALN:	84.425
Pass-through Entity:	Virginia Department of Education
Compliance Requirement:	Special Tests and Provisions
Finding Type:	Noncompliance
Criteria:	Construction contracts, in excess of \$2,000 financed by federal assistance funds, shall include a provision that the contractor or subcontractor pay prevailing wage rates established by the Department of Labor (DOL). In addition, the contractor or subcontractor must submit to the nonfederal entity a copy of the payroll and a statement of compliance weekly.
Condition:	A federally funded construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.
Questioned Costs:	Unknown
Context:	The construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.
Effect:	Unable to determine if prevailing wage rates were paid on the construction contract.
Cause:	The federal program is fairly new and the compliance requirement was not known by School Board personnel. In addition, guidance from the federal government was not provided by the State Funding Agency.
Recommendation:	Management should implement a process to review compliance requirements for all federal assistance funds grants to ensure that all compliance requirements have been met.
View of Responsible Officials:	Management will review its process for reviewing compliance requirements for all federal assistance funds.

County of Alleghany, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023-001

Finding Type: Significant Deficiency

Condition: The County's Department of Social Services failed to document reconciliations of the special welfare ledger to the County's books reconcile the special welfare ledger to the County's books.

Recommendation: The Social Services Department should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.

Current Status: Finding 2023-001 was recurring during the 2024 fiscal year as Finding 2024-001.

Corrective Action: Management will begin reconciling balances on a monthly basis.

2023-002

Finding Type: Noncompliance

Condition: A federally funded construction contract did not include the provision that the contractor or subcontractor must pay prevailing wage rates established by the DOL nor did the School Board receive certified payrolls from the contractor.

Recommendation: Management should implement a process to review compliance requirements for all federal assistance funds grants to ensure that all compliance requirements have been met.

Current Status: Finding 2023-001 was recurring during the 2024 fiscal year as Finding 2024-004.

View of Responsible Officials: Management will review its process for reviewing compliance requirements for all federal assistance funds.