

FINANCIAL STATEMENTS



COUNTY OF ALLEGHANY, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2021

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

COUNTY OF ALLEGHANY, VIRGINIA

BOARD OF SUPERVISORS

	G. Matt Garten, Chairman	
James M. Griffith, Vice Chairman		Shannon P. Cox
Stephen A. Bennett		Cletus W. Nicely
Gregory A. Dodd		M. Joan Vannorsdall

COUNTY SCHOOL BOARD

	Jacob L. Wright, Chairman	
Danielle I. Morgan, Vice-Chairman		Gerald E. Franson
John B. Littleton		Donnie T. Kern
Richard A. Shull		Jennifer S. Seckner

SOCIAL SERVICES BOARD

	David Crosier, Chair	
Eston Burge		Kathy Carson
Shannon P. Cox		Lisa Persinger
	Mara Toombs	

OTHER OFFICIALS

Clerk of the Circuit Court	Debbie Byer
Commissioner of the Revenue	Valerie Bruffey
Treasurer	Teresa Brown
Sheriff	Kevin Hall
Director of Social Services	Dawn Riddle
County Administrator	Peter Huber, Interim
County Attorney	Jim Guynn
Commonwealth's Attorney	Ann Gardner
Finance Director	Suzanne Adcock

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, Fiduciary Activities. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 93-94 and 95-109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021, 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
December 13, 2021

Basic Financial Statements

County of Alleghany, Virginia
Statement of Net Position
June 30, 2021

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 10,514,006	\$ 1,060,728	\$ 11,574,734	\$ 6,260,688
Cash in custody of others	-	-	-	204,523
Investments	3,303,248	-	3,303,248	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	610,024	-	610,024	-
Accounts receivable	106,172	641,793	747,965	23,914
Due from other governmental units-current portion	2,263,602	222,015	2,485,617	292,106
Inventories	5,188	-	5,188	-
Prepaid items	119,234	-	119,234	416,383
Restricted assets:				
Cash and cash equivalents	382,083	1,771,414	2,153,497	-
Due from other governmental units-net of current portion	-	111,008	111,008	-
Capital assets (net of accumulated depreciation):				
Land	3,585,209	88,980	3,674,189	1,019,216
Buildings and improvements	15,864,478	-	15,864,478	6,746,868
Land improvements	2,717,914	-	2,717,914	-
Machinery and equipment	10,055,189	240,596	10,295,785	3,328,246
Infrastructure	-	40,229,311	40,229,311	-
Construction in progress	548,469	-	548,469	-
Total assets	\$ 50,074,816	\$ 44,365,845	\$ 94,440,661	\$ 18,291,944
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,719,832	\$ 232,298	\$ 2,952,130	\$ 5,058,739
OPEB related items	143,555	12,057	155,612	554,378
Total deferred outflows of resources	\$ 2,863,387	\$ 244,355	\$ 3,107,742	\$ 5,613,117
LIABILITIES				
Accounts payable	\$ 778,832	\$ 317,616	\$ 1,096,448	\$ 123,157
Accrued liabilities	64,982	27,935	92,917	917,172
Customers' deposits	-	72,599	72,599	-
Accrued interest payable	95,703	29,186	124,889	-
Unearned revenue	1,771,519	-	1,771,519	3,000
Long-term liabilities:				
Due within one year	1,851,439	1,025,869	2,877,308	203,176
Due in more than one year	17,025,235	10,451,137	27,476,372	23,975,284
Total liabilities	\$ 21,587,710	\$ 11,924,342	\$ 33,512,052	\$ 25,221,789
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 23,887	\$ -	\$ 23,887	\$ -
Pension related items	185,811	21,942	207,753	2,732,888
OPEB related items	39,275	3,279	42,554	494,219
Total deferred inflows of resources	\$ 248,973	\$ 25,221	\$ 274,194	\$ 3,227,107
NET POSITION				
Net investment in capital assets	\$ 22,271,166	\$ 29,799,569	\$ 52,070,735	\$ 11,094,330
Restricted:				
Jail operations	310,169	-	310,169	-
CDBG housing	24,056	-	24,056	-
Law library	23,108	-	23,108	-
Asset forfeiture funds	78,565	-	78,565	-
Indoor plumbing rehab	56,911	-	56,911	-
Emergency repair fund	55,884	-	55,884	-
CARES fund	89,121	-	89,121	-
Bond covenants	8,257	1,698,815	1,707,072	-
School cafeterias	-	-	-	204,523
School consolidation	-	-	-	90,075
School activity fund	-	-	-	656,221
Governor's school fund	-	-	-	259,881
Unrestricted	8,184,283	1,162,253	9,346,536	(16,848,865)
Total net position	\$ 31,101,520	\$ 32,660,637	\$ 63,762,157	\$ (4,543,835)

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, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		Component Unit	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,692,123	\$ 26,118	\$ 560,742	\$ -	\$ (1,105,263)	\$ -	\$ (1,105,263)	\$ -
Judicial administration	1,973,873	8,473	786,635	-	(1,178,765)	-	(1,178,765)	-
Public safety	8,697,550	98,906	2,832,413	-	(5,766,231)	-	(5,766,231)	-
Public works	3,862,889	989,204	1,805,509	-	(1,068,176)	-	(1,068,176)	-
Health and welfare	4,998,275	-	4,064,741	-	(933,534)	-	(933,534)	-
Education	12,087,978	-	2,761,470	-	(9,326,508)	-	(9,326,508)	-
Parks, recreation, and cultural	959,643	18,847	13,182	54,589	(873,025)	-	(873,025)	-
Community development	1,353,474	-	-	-	(1,353,474)	-	(1,353,474)	-
Interest on long-term debt	367,366	-	-	-	(367,366)	-	(367,366)	-
Total governmental activities	\$ 35,993,171	\$ 1,141,548	\$ 12,824,692	\$ 54,589	\$ (21,972,342)	\$ -	\$ (21,972,342)	\$ -
Business-type activities:								
Water and Sewer Fund	\$ 5,157,477	\$ 4,898,550	\$ -	\$ 426,615	\$ -	\$ 167,688	\$ 167,688	\$ -
Total business-type activities	\$ 5,157,477	\$ 4,898,550	\$ -	\$ 426,615	\$ -	\$ 167,688	\$ 167,688	\$ -
Total primary government	\$ 41,150,648	\$ 6,040,098	\$ 12,824,692	\$ 481,204	\$ (21,972,342)	\$ 167,688	\$ (21,804,654)	\$ -
COMPONENT UNIT:								
School Board	\$ 27,241,115	\$ 435,423	\$ 14,977,029	\$ 228,400	\$ -	\$ -	\$ -	\$ (11,600,263)
Total component unit	\$ 27,241,115	\$ 435,423	\$ 14,977,029	\$ 228,400	\$ -	\$ -	\$ -	\$ (11,600,263)
General revenues:								
General property taxes					\$ 18,059,396	\$ -	\$ 18,059,396	\$ -
Other local taxes								
Local sales and use taxes					1,038,936	-	1,038,936	-
Consumers' utility taxes					289,080	-	289,080	-
Business license taxes					385,811	-	385,811	-
Utility consumption taxes					232,654	-	232,654	-
Motor vehicle licenses					423,072	-	423,072	-
Restaurant food taxes					516,520	-	516,520	-
Transient lodging taxes					159,071	-	159,071	-
Other local taxes					93,980	-	93,980	-
Unrestricted revenues from use of money and property					37,190	5,420	42,610	5,733
Miscellaneous					183,108	52,839	235,947	314,825
Payments from the County of Alleghany					-	-	-	12,078,748
Grants and contributions not restricted to specific programs					2,504,359	-	2,504,359	-
Total general revenues					\$ 23,923,177	\$ 58,259	\$ 23,981,436	\$ 12,399,306
Change in net position					\$ 1,950,835	\$ 225,947	\$ 2,176,782	\$ 799,043
Net position - beginning, as restated					29,150,685	32,434,690	61,585,375	(5,342,878)
Net position - ending					\$ 31,101,520	\$ 32,660,637	\$ 63,762,157	\$ (4,543,835)

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

County of Alleghany, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Law Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 10,202,342	\$ 311,664	\$ 10,514,006
Investments	3,303,248	-	3,303,248
Receivables (net of allowance for uncollectibles):			
Taxes receivable	610,024	-	610,024
Accounts receivable	106,172	-	106,172
Due from other governmental units	2,263,602	-	2,263,602
Inventories	5,188	-	5,188
Prepaid items	119,234	-	119,234
Restricted assets:			
Cash and cash equivalents	382,083	-	382,083
Total assets	<u>\$ 16,991,893</u>	<u>\$ 311,664</u>	<u>\$ 17,303,557</u>
LIABILITIES			
Accounts payable	\$ 777,337	\$ 1,495	\$ 778,832
Accrued liabilities	64,982	-	64,982
Unearned revenue	1,771,519	-	1,771,519
Total liabilities	<u>\$ 2,613,838</u>	<u>\$ 1,495</u>	<u>\$ 2,615,333</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 558,109	\$ -	\$ 558,109
Unavailable revenue - prepaid taxes	23,887	-	23,887
Total deferred inflows of resources	<u>\$ 581,996</u>	<u>\$ -</u>	<u>\$ 581,996</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 5,188	\$ -	5,188
Prepays	119,234	-	119,234
Restricted			
Jail operations	-	310,169	310,169
CDBG housing	24,056	-	24,056
Law library	23,108	-	23,108
Asset forfeiture funds	78,565	-	78,565
Indoor plumbing rehab	56,911	-	56,911
Emergency repair fund	55,884	-	55,884
CARES fund	89,121	-	89,121
Capital projects/outlays	8,257	-	8,257
Unassigned	13,335,735	-	13,335,735
Total fund balances	<u>\$ 13,796,059</u>	<u>\$ 310,169</u>	<u>\$ 14,106,228</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,991,893</u>	<u>\$ 311,664</u>	<u>\$ 17,303,557</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,106,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	3,585,209
Buildings and improvements		15,864,478
Land improvements		2,717,914
Machinery and equipment		10,055,189
Construction in progress		<u>548,469</u>
		32,771,259
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		558,109
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	2,719,832
OPEB related items		<u>143,555</u>
		2,863,387
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 bonds	\$	(1,506,356)
Premium on issuance		(8,504)
Literary loans		(750,000)
Capital leases		(8,617,316)
Accrued interest payable		(95,703)
Compensated absences		(342,636)
Net pension liability		(7,061,035)
Net OPEB liability		<u>(590,827)</u>
		(18,972,377)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(185,811)
OPEB related items		<u>(39,275)</u>
		(225,086)
Net position of governmental activities	\$	<u><u>31,101,520</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, 2021

	General Fund	Special Law Fund	Total
REVENUES			
General property taxes	\$ 18,192,280	\$ -	\$ 18,192,280
Other local taxes	3,139,124	-	3,139,124
Permits, privilege fees, and regulatory licenses	33,666	-	33,666
Fines and forfeitures	53,128	-	53,128
Revenue from the use of money and property	35,797	1,219	37,016
Charges for services	1,054,754	-	1,054,754
Miscellaneous	85,993	97,115	183,108
Recovered costs	2,495,850	-	2,495,850
Intergovernmental	15,383,640	-	15,383,640
Total revenues	<u>\$ 40,474,232</u>	<u>\$ 98,334</u>	<u>\$ 40,572,566</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,620,641	\$ -	\$ 2,620,641
Judicial administration	1,934,303	-	1,934,303
Public safety	8,455,674	82,171	8,537,845
Public works	3,763,624	-	3,763,624
Health and welfare	5,547,527	-	5,547,527
Education	11,541,023	-	11,541,023
Parks, recreation, and cultural	936,236	-	936,236
Community development	1,119,314	-	1,119,314
Nondepartmental	230,454	-	230,454
Capital projects	1,918,775	-	1,918,775
Debt service:			
Principal retirement	1,542,746	-	1,542,746
Interest and other fiscal charges	332,726	-	332,726
Total expenditures	<u>\$ 39,943,043</u>	<u>\$ 82,171</u>	<u>\$ 40,025,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 531,189</u>	<u>\$ 16,163</u>	<u>\$ 547,352</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 343,807	\$ -	\$ 343,807
Sale of capital assets	31,752	-	31,752
Total other financing sources (uses)	<u>\$ 375,559</u>	<u>\$ -</u>	<u>\$ 375,559</u>
Net change in fund balances	\$ 906,748	\$ 16,163	\$ 922,911
Fund balances - beginning	12,889,311	294,006	13,183,317
Fund balances - ending	<u>\$ 13,796,059</u>	<u>\$ 310,169</u>	<u>\$ 14,106,228</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, 2021

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

Net change in fund balances - total governmental funds	\$	922,911
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,151,691	
Depreciation expense	(1,799,615)	352,076

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

Property taxes		(132,884)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	\$ 541,736	
Literary loans	750,000	
Capital leases	251,010	1,542,746

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	\$ 10,899	
Change in accrued interest payable	(37,605)	
Change in pension related items	(378,375)	
Change in OPEB related items	11,735	
Amortization of bond premium	2,965	(390,381)

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

(343,633)

Change in net position of governmental activities

\$ 1,950,835

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, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,060,728	\$ -
Accounts receivable, net of allowance for uncollectibles	641,793	-
Due from other governmental units - current portion	222,015	-
Total current assets	<u>\$ 1,924,536</u>	<u>\$ -</u>
Noncurrent assets:		
Restricted cash and cash equivalents:		
Customers' deposits	\$ 72,599	\$ -
Debt reserves (bond covenants)	1,698,815	-
Total restricted assets	<u>\$ 1,771,414</u>	<u>\$ -</u>
Due from other governmental units - net of current portion	<u>\$ 111,008</u>	<u>\$ -</u>
Capital assets:		
Infrastructure and equipment	\$ 57,343,296	\$ -
Land	88,980	-
Machinery and equipment	802,882	-
Accumulated depreciation	<u>(17,676,271)</u>	<u>-</u>
Total capital assets	<u>\$ 40,558,887</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 42,441,309</u>	<u>\$ -</u>
Total assets	<u>\$ 44,365,845</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 232,298	\$ -
OPEB related items	12,057	-
Total deferred outflows of resources	<u>\$ 244,355</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 317,616	\$ -
Payroll liabilities	27,935	-
Customers' deposits	72,599	-
Accrued interest payable	29,186	-
Compensated absences - current portion	59,117	-
Bonds payable - current portion	966,752	-
Total current liabilities	<u>\$ 1,473,205</u>	<u>\$ -</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 19,706	\$ -
Bonds payable - net of current portion	9,792,566	-
Net pension liability	589,536	-
Net OPEB liability	49,329	-
Total noncurrent liabilities	<u>\$ 10,451,137</u>	<u>\$ -</u>
Total liabilities	<u>\$ 11,924,342</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 21,942	\$ -
OPEB related items	3,279	-
Total deferred inflows of resources	<u>\$ 25,221</u>	<u>\$ -</u>
NET POSITION		
Net Investment in capital assets	\$ 29,799,569	\$ -
Restricted by bond covenants	1,698,815	-
Unrestricted	1,162,253	-
Total net position	<u>\$ 32,660,637</u>	<u>\$ -</u>

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, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Water revenues (serves as security for revenue bonds)	\$ 2,149,531	\$ -
Sewer revenues (serves as security for revenue bonds)	2,697,722	-
Penalty	51,297	-
Miscellaneous	52,839	-
Total operating revenues	<u>\$ 4,951,389</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries and wages	\$ 736,844	\$ -
Fringe benefits	385,535	-
Professional services	700,950	-
Utilities	305,287	-
Materials and supplies	168,527	-
Insurance	52,078	-
Travel	4,870	-
Dues and memberships	610	-
Permits	21,485	-
Rentals and leases	3,065	-
Repairs and maintenance	99,642	-
Purchased services	1,379,655	-
Depreciation	1,176,766	-
Total operating expenses	<u>\$ 5,035,314</u>	<u>\$ -</u>
Operating income (loss)	<u>\$ (83,925)</u>	<u>\$ -</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 5,420	\$ 174
Connection fees	3,000	-
Interest expense	(122,163)	-
Total nonoperating revenues (expenses)	<u>\$ (113,743)</u>	<u>\$ 174</u>
Income before contributions and transfers	\$ (197,668)	\$ 174
Capital contributions and construction grants	423,615	-
Transfers out	-	(343,807)
Change in net position	<u>\$ 225,947</u>	<u>\$ (343,633)</u>
Net position - beginning	32,434,690	343,633
Net position - ending	<u>\$ 32,660,637</u>	<u>\$ -</u>

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

County of Alleghany, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 5,179,608	\$ -
Payments to suppliers	(2,771,255)	-
Payments to and for employees	(1,090,396)	-
Net cash provided by (used for) operating activities	<u>\$ 1,317,957</u>	<u>\$ -</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	\$ -	\$ (343,807)
Net cash provided by (used for) noncapital financing activities	<u>\$ -</u>	<u>\$ (343,807)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	\$ (1,007,441)	\$ -
Principal payments on bonds	(1,047,429)	-
Connection fees	3,000	-
Contributions in aid of construction	423,615	-
Proceeds from indebtedness	522,543	-
Interest expense	(123,391)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,229,103)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 5,420	\$ 174
Net cash provided by (used for) investing activities	<u>\$ 5,420</u>	<u>\$ 174</u>
Net increase (decrease) in cash and cash equivalents	\$ 94,274	\$ (343,633)
Cash and cash equivalents - beginning - including restricted of \$1,608,642	2,737,868	343,633
Cash and cash equivalents - ending - including restricted of \$1,771,414	<u>\$ 2,832,142</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (83,925)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,176,766	\$ -
(Increase) decrease in accounts receivable	(35,741)	-
(Increase) decrease in due from other governments	262,015	-
(Increase) decrease in deferred outflows of resources	(56,657)	-
Increase (decrease) in customer deposits	1,945	-
Increase (decrease) in operating accounts payable	(35,086)	-
Increase (decrease) in compensated absences	(5,496)	-
Increase (decrease) in payroll liabilities	4,732	-
Increase (decrease) in deferred inflows of resources	(41,503)	-
Increase (decrease) in net pension liability	134,690	-
Increase (decrease) in net OPEB liability	(3,783)	-
Total adjustments	<u>\$ 1,401,882</u>	<u>\$ -</u>
Net cash provided by (used for) operating activities	<u>\$ 1,317,957</u>	<u>\$ -</u>
Noncash investing, capital, and financing activities:		
Prior year construction payables totaled	\$ 139,697	-

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, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,376,295
Total assets	<u>\$ 1,376,295</u>
LIABILITIES	
Accounts payable	\$ 17,731
Accrued liabilities	1,657
Total liabilities	<u>\$ 19,388</u>
NET POSITION	
Restricted	
AHEDC	\$ 194,574
Social services clients	9,936
Human and Leisure activity	822
Jackson River Vocational Center	521,878
United Fire and Rescue Association	604,257
Held for inmates	25,440
Total net position	<u>\$ 1,356,907</u>

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, 2021

	Custodial Funds
ADDITIONS	
Contributions and grants	\$ 1,694,839
Deposits from inmates	287,195
Revenue from the use of money	4,286
Miscellaneous	220,250
Total additions	<u>\$ 2,206,570</u>
DEDUCTIONS	
Education expenses	\$ 1,269,802
Friends of Youth expenses	3,593
Human Society Capital expenses	5,131
Special welfare payments	77,291
Alleghany Highlands Economic Development payments	356,962
Inmate refunds	319,769
Total deductions	<u>\$ 2,032,548</u>
Net increase (decrease) in fiduciary net position	\$ 174,022
Net position, beginning of year, as restated	1,182,885
Net position, end of year	<u><u>\$ 1,356,907</u></u>

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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

The Alleghany County School Board operates the elementary and secondary public schools in the County. School Board members are appointed. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. The School Board does not issue separate financial statements.

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

Jointly Governed Organizations - None

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide statement of net position and will report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

The County 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, 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.

The County reports the following major proprietary funds:

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

The *Internal Service Fund* accounts for the financing of goods and services provided by one department or agency to other departments or agencies of the County government. The self-insured health insurance plan is accounted for in this fund. The self-insurance plan was terminated on July 1, 2012 and the fund was closed as of June 30, 2021.

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, Friends of Youth, Humane Society Capital Improvements, Human and Leisure Service, Jackson River Vocational Center, United Fire and Rescue Association, AHEDC, and Inmate Fund.

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

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

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 and state and federal grants.

The School Board reports the following non-major 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.

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.

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

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

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

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

1. Cash and Cash Equivalents

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 \$1,309,165 are reported as cash and cash equivalents in the accompanying financial statements.

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

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

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 \$177,777 at June 30, 2021 and is comprised of \$108,464 in property taxes and \$69,313 in water and sewer billings.

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.

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance
(Continued)****6. Inventories**

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

7. Capital Assets

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

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

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

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

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

8. Compensated Absences

Vested or accumulated vacation, sick, and holiday pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. 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.

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

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

9. 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.

10. 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.

11. 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.

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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)

12. Fund Balance

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in a governmental fund. The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - amounts that are not in spendable form (such as inventory and prepaids) or are 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;

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

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

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

13. 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 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.
- 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.

14. 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.

15. Deferred Outflows/Inflows of Resources

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

15. Deferred Outflows/Inflows of Resources (Continued)

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.
5. The Appropriations Resolution places legal restrictions on expenditures at the department level. Only the Board of Supervisors can revise the appropriation for each department. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

A. Budgetary information (Continued)

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, 2021, courthouse security had expenditures that exceeded appropriations due to additional staff needed to meet COVID-19 social distancing guidelines. The Sheriff correction and detention had expenditures that exceeded appropriations due to the cost of housing inmates at other jails during the fiscal year. In addition, the children's services act department had expenditures that exceed appropriations.

C. Deficit fund balance

At June 30, 2021, 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.

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 and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At year end, the County held corporate bonds and notes with a fair quality rating of less than AA (Standard and Poor's), which is in violation of the State Code.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 3-Deposits and Investments: (Continued)**

The investments, as reported in the financial statements as of June 30, 2021, include negotiable certificate of deposits with an original maturity date over three months and have a balance of \$614,438. 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, 2021 were rated by Standard and Poor's (S&P) or Moody's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	S&P	Moody's	
	AAAm	Aa1	Aaa
Fidelity money market	\$ 1,307,705	\$ -	\$ -
LGIP	1,460	-	-
Corporate bonds	-	-	302,598
Municipal bonds	-	431,582	-
Government agency bonds	-	-	1,954,630

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.

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
Money market funds	\$ 1,307,705	\$ 1,307,705	\$ -
LGIP	1,460	1,460	-
Government agency bonds	1,954,630	605,124	1,349,506
Corporate bonds	302,598	100,957	201,641
Municipal bonds	431,582	130,844	300,738
Certificates of deposit	614,438	357,255	257,183
Totals	\$ 4,612,413	\$ 2,503,345	\$ 2,109,068

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 3-Deposits and Investments: (Continued)**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.

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, 2021:

Investment	6/30/2021	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate Bonds	\$ 302,598	\$ 302,598
Municipal Bonds	431,582	431,582
Certificates of Deposit	614,438	614,438
Government Agency Bonds	1,954,630	1,954,630

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 5-Due from Other Governmental Units:**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit School Board</u>
Local:			
City of Covington	\$ 469,856	\$ -	\$ -
County of Bath	185,541	-	-
Town of Clifton Forge	-	333,023	-
Commonwealth of Virginia:			
Local sales tax	187,394	-	-
State sales tax	336,152	-	-
Categorical aid, shared expenses	289,039	-	-
Other categorical aid	81,114	-	-
Non-categorical aid	53,667	-	-
Virginia public assistance funds	52,135	-	-
Community Services Authority	337,008	-	-
Federal government:			
Virginia public assistance funds	99,109	-	-
Categorical aid	172,587	-	292,106
	<u>\$ 2,263,602</u>	<u>\$ 333,023</u>	<u>\$ 292,106</u>

Note 6-Transfers and Interfund Obligations:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 343,807	\$ -
Internal Services Fund	-	343,807
Component Unit-School Board:		
School Operating Fund	15,857	123,502
School Activity Fund	123,502	15,857
Total	<u>\$ 483,166</u>	<u>\$ 483,166</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, 2021**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, 2021, 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, 2021, consisted of the following:

Component Unit:	
School Board	<u>\$ 11,531,793</u>

At June 30, 2021, there were no component unit obligations.

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, 2021.

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct borrowings and placements:				
General obligation bonds	\$ 2,048,092	\$ -	\$ (541,736)	\$ 1,506,356
Premium on issuance	11,469	-	(2,965)	8,504
Literary loans	1,500,000	-	(750,000)	750,000
Capital leases	8,868,326	-	(251,010)	8,617,316
Compensated absences	353,535	254,252	(265,151)	342,636
Net pension liability	5,018,541	3,795,707	(1,753,213)	7,061,035
Net OPEB liability	586,014	183,194	(178,381)	590,827
Total	<u>\$ 18,385,977</u>	<u>\$ 4,233,153</u>	<u>\$ (3,742,456)</u>	<u>\$ 18,876,674</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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	
	Principal	Interest
2022	\$ 1,315,508	\$ 71,437
2023	179,493	38,507
2024	183,548	30,451
2025	187,860	22,141
2026	192,489	13,510
2027	197,458	4,542
Totals	<u>\$ 2,256,356</u>	<u>\$ 180,588</u>

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 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	\$ 297,490	\$ 11,566
Rural Development Bond	2.25%	11/9/10	2051	2,429,000	2,044,161	49,829
VRA Bond	0.00%	12/8/10	2020	4,385,649	2,412,108	219,282
VRA Bond	3.00%	10/18/12	2044	563,500	443,643	15,133
VRA Bond	0.00%	12/13/00	2023	1,759,875	406,125	270,750
VRA Bond	1.45%	10/22/15	2038	3,733,313	3,137,355	175,663
VRA Bond	3.00%	2/1/05	2032	248,548	63,362	15,140
VRA Bond	0.00%	2/28/07	2029	3,408,175	1,278,066	170,409
VRA Bond*	0.00%	2/11/20	2041	779,606	677,008	38,980
Total Revenue Bonds					\$ 10,759,318	\$ 966,752
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 78,823	\$ 59,117
Net Pension Liability	n/a	n/a	n/a	n/a	589,536	-
Net OPEB Liability	n/a	n/a	n/a	n/a	49,329	-
Total Other Obligations					\$ 717,688	\$ 59,117
Total Long-term obligations					\$ 11,477,006	\$ 1,025,869

*As of June 30, 2021, only \$696,498 has been drawn down.

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

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8-Long-Term Obligations: (Continued)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, 2021.

	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>
Direct borrowings and placements:				
Revenue bonds	\$ 11,284,204	\$ 522,543	\$ (1,047,429)	\$ 10,759,318
Compensated absences	84,319	57,743	(63,239)	78,823
Net pension liability	454,846	314,196	(179,506)	589,536
Net OPEB liability	53,112	14,978	(18,761)	49,329
Total	<u>\$ 11,876,481</u>	<u>\$ 909,460</u>	<u>\$ (1,308,935)</u>	<u>\$ 11,477,006</u>

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>Principal</u>	<u>Interest</u>
2022	\$ 966,752	\$ 119,825
2023	836,521	114,682
2024	706,404	109,423
2025	711,781	104,046
2026	700,224	98,675
2027-2031	3,154,012	414,461
2032-2036	1,993,593	271,736
2037-2041	854,012	137,682
2042-2046	444,824	69,946
2047-2051	391,195	19,666
Totals	<u>\$ 10,759,318</u>	<u>\$ 1,460,142</u>

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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	\$ 297,490	\$ 11,566
Rural Development Bond	2.25%	11/9/10	2051	2,429,000	2,044,161	49,829
VRA Bond	0.00%	12/8/10	2020	4,385,649	2,412,108	219,282
VRA Bond	3.00%	10/18/12	2044	563,500	443,643	15,133
VRA Bond	0.00%	12/13/00	2023	1,759,875	406,125	270,750
VRA Bond	1.45%	10/22/15	2038	3,733,313	3,137,355	175,663
VRA Bond	3.00%	2/1/05	2032	248,548	63,362	15,140
VRA Bond	0.00%	2/28/07	2029	3,408,175	1,278,066	170,409
VRA Bond*	0.00%	2/11/20	2041	779,606	677,008	38,980
Total Revenue Bonds					\$ 10,759,318	\$ 966,752
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 78,823	\$ 59,117
Net Pension Liability	n/a	n/a	n/a	n/a	589,536	-
Net OPEB Liability	n/a	n/a	n/a	n/a	49,329	-
Total Other Obligations					\$ 717,688	\$ 59,117
Total Long-term obligations					\$ 11,477,006	\$ 1,025,869

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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2021.

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Compensated absences	\$ 258,792	\$ 206,203	\$ (194,094)	\$ 270,901
Net OPEB liabilities	4,335,984	789,276	(866,502)	4,258,758
Net pension liability	18,008,921	8,474,921	(6,835,041)	19,648,801
Total	\$ 22,603,697	\$ 9,470,400	\$ (7,895,637)	\$ 24,178,460

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Other Obligations: (liquidated in School Operating Fund)		
Compensated absences	\$ 270,901	\$ 203,176
Net OPEB liabilities	4,258,758	-
Net pension liability	19,648,801	-
Total Long-Term Obligations	\$ 24,178,460	\$ 203,176

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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, 2021 was 12.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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 \$971,412 and \$869,995 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

At June 30, 2021, the County reported a liability of \$7,650,571 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2020 and 2019 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2020 and 2019, the County's proportion was 98.0809% and 98.0921%, 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, 2019, 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, 2020.

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*

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

Mortality rates:

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

Pre-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

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

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

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, 2019, 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, 2020.

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*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$12,697,805	\$ 7,650,571	\$ 3,437,395

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

For the year ended June 30, 2021, the County recognized pension expense of \$1,387,453. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2021, 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	\$ 428,006	\$ 202,652
Changes in assumptions	521,255	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,739	5,101
Net difference between projected and actual earnings on pension plan investments	1,026,718	-
Employer contributions subsequent to the measurement date	971,412	-
Total	<u>\$ 2,952,130</u>	<u>\$ 207,753</u>

\$971,412 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2022	\$ 408,967
2023	614,818
2024	422,663
2025	326,517
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 10-Pension Plans: (Continued)*****Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2019 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	84
Inactive members:	
Vested inactive members	8
Non-vested inactive members	17
Inactive members active elsewhere in VRS	10
Total inactive members	35
Active members	79
Total covered employees	198

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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 \$79,793 and \$73,758 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability (asset) was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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, 2019	\$ 10,720,062	\$ 10,934,969	\$ (214,907)
Changes for the year:			
Service cost	\$ 189,663	\$ -	\$ 189,663
Interest	701,544	-	701,544
Differences between expected and actual experience	49,869	-	49,869
Contributions - employer	-	73,758	(73,758)
Contributions - employee	-	88,448	(88,448)
Net investment income	-	206,412	(206,412)
Benefit payments	(653,635)	(653,635)	-
Administrative expenses	-	(7,325)	7,325
Other changes	-	(240)	240
Net changes	\$ 287,441	\$ (292,582)	\$ 580,023
Balances at June 30, 2020	\$ 11,007,503	\$ 10,642,387	\$ 365,116

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 10-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following presents the net pension liability (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 liability (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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,449,896	\$ 365,116	\$ (564,855)

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

For the year ended June 30, 2021, the Component Unit School Board (nonprofessional) recognized pension expense of \$276,189. At June 30, 2021, 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	\$ 29,841	\$ 24,107
Changes of assumptions	54,847	-
Net difference between projected and actual earnings on pension plan investments	317,945	-
Employer contributions subsequent to the measurement date	79,793	-
Total	\$ 482,426	\$ 24,107

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)***

\$79,793 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2022. 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>
2022	\$ 52,803
2023	112,282
2024	110,468
2025	102,973
Thereafter	-

Component Unit School Board (Professional)***Plan Description***

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding 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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,793,222 and \$1,758,888 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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***

At June 30, 2021, the school division reported a liability of \$19,283,685 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020 the school division's proportion was 0.13250% as compared to 0.13684% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$1,398,631. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 1,130,321
Net difference between projected and actual earnings on pension plan investments	1,466,738	-
Changes of assumptions	1,316,353	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,578,460
Employer contributions subsequent to the measurement date	1,793,222	-
Total	<u>\$ 4,576,313</u>	<u>\$ 2,708,781</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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)***

\$1,793,222 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, 2022. 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>
2022	\$ (587,905)
2023	21,588
2024	337,691
2025	349,260
2026	(46,324)
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Note 10-Pension Plans: (Continued)**Component Unit School Board (professional) (Continued)*****Net Pension Liability***

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):c

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 28,293,497	\$ 19,283,685	\$ 11,831,432

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board***Aggregate Pension Information***

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (asset), and pension expense for the year ended June 30, 2021.

	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	\$ 2,952,130	\$ 207,753	\$ 7,650,571	\$ 1,387,453	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	482,426	24,107	365,116	276,189
School Board Professional	-	-	-	-	4,576,313	2,708,781	19,283,685	1,398,631
Totals	\$ 2,952,130	\$ 207,753	\$ 7,650,571	\$ 1,387,453	\$ 5,058,739	\$ 2,732,888	\$ 19,648,801	\$ 1,674,820

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, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees	339
Total retirees	14
Total spouses of retirees	<u>3</u>
Total	<u>356</u>

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, 2021 was \$107,180.

Total OPEB Liability

The Component Unit School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

Component Unit School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 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, 2020 2.50% per year as of June 30, 2021
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	2.21% as of June 30, 2020 2.16% as of June 30, 2021

The mortality rates for pre-retirement was calculated using RP-2014 Employee to age 80, Health Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed by service-related. The mortality rates for post-retirement was calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for post-disablement was calculated using RP-2014 Disabled Life Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

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Note 11-Other Postemployment Benefits - Health Insurance: (Continued)**Component Unit School Board: (Continued)*****Changes in Total OPEB Liability***

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$	1,377,170
Changes for the year:		
Service cost		59,363
Interest		30,568
Effect of assumptions changes or inputs		3,702
Benefit payments		(107,180)
Net changes		(13,547)
Balances at June 30, 2021	\$	1,363,623

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 (1.16%) or one percentage point higher (3.16%) than the current discount rate:

Rate		
1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 1,436,889	\$ 1,363,623	\$ 1,289,628

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Note 11-Other Postemployment Benefits - Health Insurance: (Continued)**Component Unit School Board: (Continued)*****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 (5.20% decreasing to an ultimate rate of 3.00%) or one percentage point higher (7.20% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (5.20% decreasing to 3.00%)	Trend (6.20% decreasing to 4.00%)	1% Increase (7.20% decreasing to 5.00%)
\$ 1,216,725	\$ 1,363,623	\$ 1,532,912

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

For the year ended June 30, 2021, the Component Unit School Board recognized OPEB expense in the amount of \$76,431. At June 30, 2021, 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	\$ -	\$ 122,828
Changes in assumptions	83,701	4,682
Total	<u>\$ 83,701</u>	<u>\$ 127,510</u>

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

Year Ended June 30	
2022	\$ (13,256)
2023	(15,274)
2024	(15,279)
Thereafter	-

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

Component Unit School Board: (Continued)

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.

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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

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% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$43,192 and \$41,043 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were \$10,297 and \$9,911 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit School Board (professional) were \$60,403 and \$60,161 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the entity reported a liability of \$640,156 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0384% as compared to 0.0393% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$26,748. 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.

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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 (nonprofessional) GLI Plan

At June 30, 2021, the entity reported a liability of \$154,535 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0926% as compared to 0.0936% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$4,144. 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 (professional) GLI Plan

At June 30, 2021, the entity reported a liability of \$938,053 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.0562% as compared to 0.0582% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$11,721. 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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)***

At June 30, 2021, 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	\$ 41,061	\$ 5,750	\$ 9,912	\$ 1,388	\$ 60,167	\$ 8,425
Net difference between projected and actual earnings on GLI OPEB plan investments	19,230	-	4,642	-	28,178	-
Change in assumptions	32,016	13,366	7,728	3,227	46,913	19,587
Changes in proportionate share	20,113	23,438	-	7,430	-	91,129
Employer contributions subsequent to the measurement date	43,192	-	10,297	-	60,403	-
Total	\$ 155,612	\$ 42,554	\$ 32,579	\$ 12,045	\$ 195,661	\$ 119,141

\$43,192, \$10,297, and \$60,403 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, 2022. 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)
2022	\$ 11,978	\$ 579	\$ (9,921)
2023	17,408	1,890	(1,964)
2024	21,031	3,086	9,009
2025	17,561	3,830	18,244
2026	2,030	821	1,352
Thereafter	(142)	31	(603)

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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*

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	\$ <u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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.

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 841,535	\$ 640,156	\$ 476,618
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan			
Net OPEB Liability	\$ 203,148	\$ 154,535	\$ 115,056
Component Unit School Board's (professional) proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,233,142	\$ 938,053	\$ 698,412

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$135,185 and \$138,831 for the years ended June 30, 2021 and June 30, 2020, respectively.

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, 2021, the school division reported a liability of \$1,721,571 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.1392% as compared to 0.1360% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$102,961. 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 proportion.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2021, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,990
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	7,629	-
Change in assumptions	34,033	9,406
Change in proportionate share	-	187,365
Employer contributions subsequent to the measurement date	<u>135,185</u>	<u>-</u>
Total	\$ <u><u>176,847</u></u>	\$ <u><u>219,761</u></u>

\$135,185 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2022	\$ (38,024)
2023	(37,268)
2024	(37,522)
2025	(32,490)
2026	(19,139)
Thereafter	(13,656)

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, 2019, 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, 2020.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%
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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.

Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,927,119	\$ 1,721,571	\$ 1,546,870

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members:	
Vested inactive members	5
Active members	79
Total covered employees	<u>84</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, 2021 was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$11,593 and \$11,413 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2019, 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, 2020.

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*

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

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

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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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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, 2019	\$ 100,246	\$ 21,542	\$ 78,704
Changes for the year:			
Service cost	\$ 3,889	\$ -	\$ 3,889
Interest	6,595	-	6,595
Benefit changes	6,920	-	6,920
Differences between expected and actual experience	(3,297)	-	(3,297)
Contributions - employer	-	11,413	(11,413)
Net investment income	-	476	(476)
Benefit payments	(5,099)	(5,099)	-
Administrative expenses	-	(54)	54
Net changes	\$ 9,008	\$ 6,736	\$ 2,272
Balances at June 30, 2020	\$ 109,254	\$ 28,278	\$ 80,976

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability	\$ 93,320	\$ 80,976	\$ 69,793

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, 2021, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$30,251. At June 30, 2021, 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 \$	51,268	\$ 15,762
Net difference between projected and actual earnings on HIC OPEB plan investments	943	-
Change in assumptions	1,786	-
Employer contributions subsequent to the measurement date	11,593	-
Total	\$ 65,590	\$ 15,762

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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)***

\$11,593 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, 2022. 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

2022	\$	14,458
2023		14,460
2024		12,673
2025		(2,879)
2026		(477)
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021.

	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	\$ 155,612	\$ 42,554	\$ 640,156	\$ 26,748	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	32,579	12,045	154,535	4,144
School Board Professional	-	-	-	-	195,661	119,141	938,053	11,721
Health Insurance Credit Plan	-	-	-	-	65,590	15,762	80,976	30,251
Teacher Health Insurance Credit Plan	-	-	-	-	176,847	219,761	1,721,571	102,961
School Stand-Alone Plan	-	-	-	-	83,701	127,510	1,363,623	76,431
Totals	\$ 155,612	\$ 42,554	\$ 640,156	\$ 26,748	\$ 554,378	\$ 494,219	\$ 4,258,758	\$ 225,508

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, 2021 was \$46,232.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 17-Capital Assets:**

Capital asset activity for the year ended June 30, 2021 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,577,209	\$ 8,000	\$ -	\$ 3,585,209
Construction in progress	6,380,894	1,781,405	(7,613,830)	548,469
Total capital assets not being depreciated	<u>\$ 9,958,103</u>	<u>\$ 1,789,405</u>	<u>\$ (7,613,830)</u>	<u>\$ 4,133,678</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 36,849,783	\$ 40,075	\$ -	\$ 36,889,858
Land improvements	2,730,063	202,348	-	2,932,411
Machinery and equipment	7,999,335	7,733,693	(25,126)	15,707,902
Total capital assets being depreciated	<u>\$ 47,579,181</u>	<u>\$ 7,976,116</u>	<u>\$ (25,126)</u>	<u>\$ 55,530,171</u>
Accumulated depreciation:				
Buildings and improvements	\$ (19,907,612)	\$ (1,117,768)	\$ -	\$ (21,025,380)
Land improvements	(138,291)	(76,206)	-	(214,497)
Machinery and equipment	(5,072,198)	(605,641)	25,126	(5,652,713)
Total accumulated depreciation	<u>\$ (25,118,101)</u>	<u>\$ (1,799,615)</u>	<u>\$ 25,126</u>	<u>\$ (26,892,590)</u>
Total capital assets being depreciated, net	<u>\$ 22,461,080</u>	<u>\$ 6,176,501</u>	<u>\$ -</u>	<u>\$ 28,637,581</u>
Governmental activities capital assets, net	<u>\$ 32,419,183</u>	<u>\$ 7,965,906</u>	<u>\$ (7,613,830)</u>	<u>\$ 32,771,259</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 17-Capital Assets: (Continued)**

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 88,980	\$ -	\$ -	\$ 88,980
Construction in progress	444,887	867,744	(1,312,631)	-
Total capital assets not being depreciated	<u>\$ 533,867</u>	<u>\$ 867,744</u>	<u>\$ (1,312,631)</u>	<u>\$ 88,980</u>
Capital assets, being depreciated:				
Infrastructure	\$ 56,030,665	\$ 1,312,631	\$ -	\$ 57,343,296
Machinery and equipment	802,882	-	-	802,882
Total capital assets being depreciated	<u>\$ 56,833,547</u>	<u>\$ 1,312,631</u>	<u>\$ -</u>	<u>\$ 58,146,178</u>
Accumulated depreciation:				
Infrastructure	\$ (15,988,910)	\$ (1,125,075)	\$ -	\$ (17,113,985)
Machinery and equipment	(510,595)	(51,691)	-	(562,286)
Total accumulated depreciation	<u>\$ (16,499,505)</u>	<u>\$ (1,176,766)</u>	<u>\$ -</u>	<u>\$ (17,676,271)</u>
Total capital assets being depreciated, net	<u>\$ 40,334,042</u>	<u>\$ 135,865</u>	<u>\$ -</u>	<u>\$ 40,469,907</u>
Business-type activities capital assets, net	<u>\$ 40,867,909</u>	<u>\$ 1,003,609</u>	<u>\$ (1,312,631)</u>	<u>\$ 40,558,887</u>

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

Governmental activities:

General government administration	\$ 562,831
Judicial administration	13,477
Public safety	442,384
Public works	88,522
Health and welfare	51,965
Education	546,955
Parks, recreation, and cultural	93,481
Total depreciation expense-governmental activities	<u>\$ 1,799,615</u>

Business-type activities:

Water and sewer fund	<u>\$ 1,176,766</u>
Total depreciation expense-primary government	<u>\$ 2,976,381</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**Note 17-Capital Assets: (Continued)**

Capital asset activity for the School Board for the year ended June 30, 2021 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,019,216	\$ -	\$ -	\$ 1,019,216
Total capital assets not being depreciated	\$ 1,019,216	\$ -	\$ -	\$ 1,019,216
Capital assets, being depreciated:				
Buildings and improvements	\$ 16,233,639	\$ 184,663	\$ -	\$ 16,418,302
Machinery and equipment	7,511,670	972,319	(184,860)	8,299,129
Total capital assets being depreciated	\$ 23,745,309	\$ 1,156,982	\$ (184,860)	\$ 24,717,431
Accumulated depreciation:				
Buildings and improvements	\$ (9,134,844)	\$ (536,590)	\$ -	\$ (9,671,434)
Machinery and equipment	(4,673,684)	(482,059)	184,860	(4,970,883)
Total accumulated depreciation	\$ (13,808,528)	\$ (1,018,649)	\$ 184,860	\$ (14,642,317)
Total capital assets being depreciated, net	\$ 9,936,781	\$ 138,333	\$ -	\$ 10,075,114
Governmental activities capital assets, net	\$ 10,955,997	\$ 138,333	\$ -	\$ 11,094,330

Note 18-Capital Leases:

The County has entered into capital leases for the purchase of radio equipment and four fire trucks. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date.

Total capital assets acquired through the capital leases are as follows:

Radio equipment	\$ 7,232,737
Fire trucks	1,800,000
Total capital assets	\$ 9,032,737
Accumulated depreciation	(384,182)
Net book value of capital assets	<u>\$ 8,648,555</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 18-Capital Leases: (Continued)

Present value of future minimum lease payments:

Year Ending June 30,	Capital Lease
2022	\$ 501,998
2023	941,758
2024	926,093
2025	910,434
2026	894,772
2027-2031	4,215,441
2032-2034	1,705,543
Total minimum lease payments	\$ 10,096,039
Less: amount representing interest	(1,478,723)
Present value of future minimum lease payments	\$ <u>8,617,316</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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	\$ -	\$ 558,109
Prepaid property taxes due after June 30 but paid in advance by taxpayers	23,887	23,887
Unearned revenue:		
Unspent Coronavirus Relief Funds received during the current fiscal year.	328,328	328,328
Unspent American Rescue Plan Act funds received during the current fiscal year.	1,443,191	1,443,191
	\$ 1,795,406	\$ 2,353,515

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 provides certain shared services to the City of Covington, Virginia. At year end, the County believes approximately \$880,213 is due to the County from this City in accordance with the shared services agreement. The County has refrained from recording a receivable for this amount as it cannot be reasonably estimated how much (if any) of this amount will be received.

The County had no major outstanding contracts at June 30, 2021.

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
Valerie Bruffey, Commissioner of the Revenue	3,000
Kevin Hall, Sheriff	30,000
All Constitutional Office employees: blanket bond	50,000
Additional Treasurer's Office bond	100,000
All Social Services employees: blanket bond	100,000

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, 2021, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**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, 2021, no amounts were due under the agreement as capital investment thresholds in the agreement have not been achieved.

Note 25-Adoption of Accounting Principle:

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. This Statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purpose and how those activities should be reported. The implementation of this Statement resulted in the following restatement:

	Fund Balance		Net Position							
			Custodial Funds							
	Component Unit-School Board	Component Unit-School Board	Friends of Youth	Human & Leisure Service	Humane Society Capital Improvements	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Inmate Funds
Beginning balance, as previously stated	\$ 5,060,993	\$ (6,061,391)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Implementation of GASB 84	718,513	718,513	3,593	822	5,131	439,051	9,934	550,241	116,099	58,014
Beginning balance, as restated	\$ 5,779,506	\$ (5,342,878)	\$ 3,593	\$ 822	\$ 5,131	\$439,051	\$ 9,934	\$550,241	\$ 116,099	\$ 58,014

Note 26-COVID-19 Pandemic Subsequent Event:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

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Note 26-COVID-19 Pandemic Subsequent Event: (Continued)

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$2,747,560. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$315,420. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$328,328 are reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 17, 2021, the County received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,443,191 from the initial allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

Note 27-Upcoming Pronouncements:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 27-Upcoming Pronouncements: (Continued)

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

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

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

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

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

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

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

Note 27-Upcoming Pronouncements: (Continued)

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, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 17,854,800	\$ 17,854,800	\$ 18,192,280	\$ 337,480
Other local taxes	2,402,500	2,402,500	3,139,124	736,624
Permits, privilege fees, and regulatory licenses	35,400	35,400	33,666	(1,734)
Fines and forfeitures	77,000	76,999	53,128	(23,871)
Revenue from the use of money and property	58,400	58,400	35,797	(22,603)
Charges for services	919,600	921,695	1,054,754	133,059
Miscellaneous	84,620	93,662	85,993	(7,669)
Recovered costs	1,951,752	2,168,218	2,495,850	327,632
Intergovernmental	12,195,776	16,947,552	15,383,640	(1,563,912)
Total revenues	\$ 35,579,848	\$ 40,559,226	\$ 40,474,232	\$ (84,994)
EXPENDITURES				
Current:				
General government administration	\$ 2,438,138	\$ 3,123,559	\$ 2,620,641	\$ 502,918
Judicial administration	2,084,891	2,106,488	1,934,303	172,185
Public safety	8,250,404	8,424,386	8,455,674	(31,288)
Public works	2,983,851	4,172,692	3,763,624	409,068
Health and welfare	4,449,963	7,968,481	5,547,527	2,420,954
Education	11,842,769	11,894,278	11,541,023	353,255
Parks, recreation, and cultural	858,593	1,968,183	936,236	1,031,947
Community development	431,980	2,115,492	1,119,314	996,178
Nondepartmental	468,861	578,576	230,454	348,122
Capital projects	1,053,082	7,002,054	1,918,775	5,083,279
Debt service:				
Principal retirement	1,566,854	1,566,854	1,542,746	24,108
Interest and other fiscal charges	332,726	332,726	332,726	-
Total expenditures	\$ 36,762,112	\$ 51,253,769	\$ 39,943,043	\$ 11,310,726
Excess (deficiency) of revenues over (under) expenditures	\$ (1,182,264)	\$ (10,694,543)	\$ 531,189	\$ 11,225,732
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,210	\$ 3,210	\$ 343,807	\$ 340,597
Proceeds from general obligation bonds	1,000,000	1,000,000	-	(1,000,000)
Sale of capital assets	1,500	3,300	31,752	28,452
Total other financing sources (uses)	\$ 1,004,710	\$ 1,006,510	\$ 375,559	\$ (630,951)
Net change in fund balances	\$ (177,554)	\$ (9,688,033)	\$ 906,748	\$ 10,594,781
Fund balances - beginning	231,890	9,688,033	12,889,311	3,201,278
Fund balances - ending	\$ 54,336	\$ -	\$ 13,796,059	\$ 13,796,059

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, 2021

	Special Law Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,500	\$ 1,500	\$ 1,219	\$ (281)
Miscellaneous	50,500	50,500	97,115	46,615
Total revenues	\$ 52,000	\$ 52,000	\$ 98,334	\$ 46,334
EXPENDITURES				
Current:				
Public safety	\$ 83,500	\$ 83,500	\$ 82,171	\$ 1,329
Total expenditures	\$ 83,500	\$ 83,500	\$ 82,171	\$ 1,329
Excess (deficiency) of revenues over (under) expenditures	\$ (31,500)	\$ (31,500)	\$ 16,163	\$ 47,663
Net change in fund balances	\$ (31,500)	\$ (31,500)	\$ 16,163	\$ 47,663
Fund balances - beginning	31,500	31,500	294,006	262,506
Fund balances - ending	\$ -	\$ -	\$ 310,169	\$ 310,169

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, 2020

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					
2020	98.0809%	\$ 7,650,571	\$ 7,891,264	96.95%	81.69%
2019	98.0921%	5,473,387	7,694,778	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)					
2020	0.13250%	\$ 19,283,685	\$ 11,557,177	166.85%	71.47%
2019	0.13684%	18,008,921	11,395,714	158.03%	73.51%
2018	0.14099%	16,581,000	11,333,472	146.30%	74.81%
2017	0.14904%	18,329,000	11,675,097	156.99%	72.92%
2016	0.15496%	21,716,000	11,761,955	184.63%	68.28%
2015	0.16061%	20,215,000	11,937,215	169.34%	70.68%
2014	0.16831%	20,340,000	12,304,443	165.31%	70.88%

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

County of Allegheny, 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, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 189,663	\$ 181,942	\$ 186,960	\$ 190,443	\$ 194,012	\$ 202,249	\$ 205,338
Interest	701,544	701,983	689,813	703,866	687,123	680,454	657,392
Changes of assumptions	-	254,287	-	(91,796)	-	-	-
Differences between expected and actual experience	49,869	(111,769)	23,642	(327,761)	(81,090)	(233,793)	-
Benefit payments	(653,635)	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Net change in total pension liability	\$ 287,441	\$ 357,013	\$ 116,747	\$ (92,605)	\$ 245,677	\$ 95,999	\$ 349,100
Total pension liability - beginning	10,720,062	10,363,049	10,246,302	10,338,907	10,093,230	9,997,231	9,648,131
Total pension liability - ending (a)	\$ 11,007,503	\$ 10,720,062	\$ 10,363,049	\$ 10,246,302	\$ 10,338,907	\$ 10,093,230	\$ 9,997,231
Plan fiduciary net position							
Contributions - employer	\$ 73,758	\$ 73,548	\$ 105,604	\$ 109,051	\$ 161,091	\$ 161,117	\$ 167,792
Contributions - employee	88,448	88,955	86,559	96,832	89,220	88,820	89,850
Net investment income	206,412	697,166	760,411	1,174,286	166,660	443,017	1,355,703
Benefit payments	(653,635)	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Administrative charges	(7,325)	(7,273)	(6,920)	(7,001)	(6,273)	(6,277)	(7,457)
Other	(240)	(437)	(667)	(1,035)	(72)	(93)	72
Net change in plan fiduciary net position	\$ (292,582)	\$ 182,529	\$ 161,319	\$ 804,776	\$ (143,742)	\$ 133,673	\$ 1,092,330
Plan fiduciary net position - beginning	10,934,969	10,752,440	10,591,121	9,786,345	9,930,087	9,796,414	8,704,084
Plan fiduciary net position - ending (b)	\$ 10,642,387	\$ 10,934,969	\$ 10,752,440	\$ 10,591,121	\$ 9,786,345	\$ 9,930,087	\$ 9,796,414
School division's net pension liability (asset) - ending (a) - (b)	\$ 365,116	\$ (214,907)	\$ (389,391)	\$ (344,819)	\$ 552,562	\$ 163,143	\$ 200,817
Plan fiduciary net position as a percentage of the total pension liability	96.68%	102.00%	103.76%	103.37%	94.66%	98.38%	97.99%
Covered payroll	\$ 1,901,939	\$ 1,830,668	\$ 1,821,022	\$ 1,835,735	\$ 1,788,428	\$ 1,794,106	\$ 1,800,159
School Division's net pension liability as a percentage of covered payroll	19.20%	-11.74%	-21.38%	-18.78%	30.90%	9.09%	11.16%

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

County of Allegheny, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

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					
2021	\$ 971,412	\$ 971,412	\$ -	\$ 8,013,255	12.12%
2020	869,995	869,995	-	7,891,264	11.02%
2019	852,575	852,575	-	7,694,778	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)					
2021	\$ 79,793	\$ 79,793	\$ -	\$ 1,869,959	4.27%
2020	73,758	73,758	-	1,901,939	3.88%
2019	73,458	73,458	-	1,830,668	4.01%
2018	105,604	105,604	-	1,821,022	5.80%
2017	109,051	109,051	-	1,835,735	5.94%
2016	161,091	161,091	-	1,788,428	9.01%
2015	161,117	161,117	-	1,794,106	8.98%
2014	167,792	167,792	-	1,800,159	9.32%
2013	179,312	179,312	-	1,921,890	9.33%
2012	102,371	102,371	-	1,871,505	5.47%
Component Unit School Board (professional)					
2021	\$ 1,793,222	\$ 1,793,222	\$ -	\$ 11,163,729	16.06%
2020	1,758,888	1,758,888	-	11,557,177	15.22%
2019	1,751,956	1,751,956	-	11,395,714	15.37%
2018	1,833,151	1,833,151	-	11,333,472	16.17%
2017	1,698,000	1,698,000	-	11,675,097	14.54%
2016	1,645,809	1,645,809	-	11,761,955	13.99%
2015	1,726,000	1,726,000	-	11,937,215	14.46%
2014	1,434,698	1,434,698	-	12,304,443	11.66%
2013	1,532,448	1,532,448	-	13,142,779	11.66%
2012	832,414	832,414	-	13,150,300	6.33%

Current year and prior year contributions for County and Component Unit School Board (professional) are from County and School Board records. Current year contributions for Component Unit School Board (nonprofessional) are from School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County.

County of Alleghany, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Alleghany, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 59,363	\$ 51,314	\$ 49,140	\$ 50,742
Interest	30,568	50,872	54,491	50,496
Effect of economic/demographic gains or losses	-	(204,712)	-	-
Effect of assumptions changes or inputs	3,702	123,709	35,422	(35,882)
Benefit payments	(107,180)	(91,587)	(99,807)	(97,233)
Net change in total OPEB liability	\$ (13,547)	\$ (70,404)	\$ 39,246	\$ (31,877)
Total OPEB liability - beginning	1,377,170	1,447,574	1,408,328	1,440,205
Total OPEB liability - ending	\$ 1,363,623	\$ 1,377,170	\$ 1,447,574	\$ 1,408,328
 Covered payroll	 \$ 13,087,410	 \$ 13,087,410	 \$ 13,372,300	 \$ 13,372,300
 Component Unit School Board's total OPEB liability (asset)				
as a percentage of covered payroll	10.42%	10.52%	10.83%	10.53%

Schedule is intended to show information for 10 years. 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, 2021

Valuation Date: 7/1/2019
Measurement Date: 6/30/2021

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:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.16% as of June 30, 2021; 2.21% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2021; 2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.20% in 2020 and gradually declines to 4.00% over 54 years.
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	The mortality rates for pre-retirement was calculated using RP-2014 Employee to age 80, Health Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed by service-related. The mortality rates for post-retirement was calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for post-disablement was calculated using RP-2014 Disabled Life Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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, 2020

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					
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)					
2020	0.0926% \$	154,535 \$	1,905,978	8.11%	52.64%
2019	0.0936%	152,312	1,832,629	8.31%	52.00%
2018	0.0958%	145,000	1,821,022	7.96%	51.22%
2017	0.0100%	151,000	1,835,735	8.23%	48.86%
Component Unit School Board (professional)					
2020	0.0562% \$	938,053 \$	11,557,177	8.12%	52.64%
2019	0.0582%	947,557	11,404,566	8.31%	52.00%
2018	0.0598%	908,000	11,333,472	8.01%	51.22%
2017	0.0634%	955,000	11,675,097	8.18%	48.86%

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

County of Alleghany, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

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					
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)					
2021	\$ 10,297	\$ 10,297	\$ -	\$ 1,871,822	0.55%
2020	9,911	9,911	-	1,905,978	0.52%
2019	9,532	9,532	-	1,832,629	0.52%
2018	9,478	9,478	-	1,821,022	0.52%
2017	9,599	9,599	-	1,835,735	0.52%
2016	8,643	8,643	-	1,788,428	0.48%
2015	8,723	8,723	-	1,794,106	0.49%
2014	8,669	8,669	-	1,800,159	0.48%
2013	9,225	9,225	-	1,921,890	0.48%
2012	5,240	5,240	-	1,871,505	0.28%
Component Unit School Board (professional)					
2021	\$ 60,403	\$ 60,403	\$ -	\$ 11,176,895	0.54%
2020	60,161	60,161	-	11,557,177	0.52%
2019	59,304	59,304	-	11,404,566	0.52%
2018	59,103	59,103	-	11,333,472	0.52%
2017	60,848	60,848	-	11,675,097	0.52%
2016	56,883	56,883	-	11,761,955	0.48%
2015	57,576	57,576	-	11,937,215	0.48%
2014	59,117	59,117	-	12,304,443	0.48%
2013	63,095	63,095	-	13,142,779	0.48%
2012	36,851	36,851	-	13,150,300	0.28%

Schedule is intended to show information for 10 years. Prior to 2015 the County information reported in the County's report included participants that are not reported in the County's report. Therefore, no additional data is currently available for the County.

County of Alleghany, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of 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, 2017 through June 30, 2020

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)
2020	0.1392% \$	1,721,571 \$	11,557,177	14.90%	9.95%
2019	0.1360%	1,780,241	11,395,714	15.62%	8.97%
2018	0.1401%	1,780,000	11,333,472	15.71%	8.08%
2017	0.1482%	1,881,000	11,675,097	16.11%	7.04%

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

County of Alleghany, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

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 (professional)					
2021	\$ 135,185	\$ 135,185	\$ -	\$ 11,163,729	1.21%
2020	138,831	138,831	-	11,557,177	1.20%
2019	136,748	136,748	-	11,395,714	1.20%
2018	139,405	139,405	-	11,333,472	1.23%
2017	129,845	129,845	-	11,675,097	1.11%
2016	125,236	125,236	-	11,761,955	1.06%
2015	126,579	126,579	-	11,937,215	1.06%
2014	136,626	136,626	-	12,304,443	1.11%
2013	145,885	145,885	-	13,142,779	1.11%
2012	78,902	78,902	-	13,150,300	0.60%

County of Alleghany, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

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

County of 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, 2018 through June 30, 2020

	2020	2019	2018
Total HIC OPEB Liability			
Service cost	\$ 3,889	\$ 3,735	\$ 4,000
Interest	6,595	7,490	-
Changes of benefit terms	6,920	-	-
Differences between expected and actual experience	(3,297)	(19,745)	104,000
Changes of assumptions	-	2,708	-
Benefit payments	(5,099)	(1,886)	-
Other changes	-	(56)	-
Net change in total HIC OPEB liability	\$ 9,008	\$ (7,754)	\$ 108,000
Total HIC OPEB Liability - beginning	100,246	108,000	-
Total HIC OPEB Liability - ending (a)	<u>\$ 109,254</u>	<u>\$ 100,246</u>	<u>\$ 108,000</u>
Plan fiduciary net position			
Contributions - employer	\$ 11,413	\$ 11,006	\$ 11,000
Net investment income	476	1,194	-
Benefit payments	(5,099)	(1,886)	-
Administrative charges	(54)	(29)	-
Other	-	257	-
Net change in plan fiduciary net position	\$ 6,736	\$ 10,542	\$ 11,000
Plan fiduciary net position - beginning	21,542	11,000	-
Plan fiduciary net position - ending (b)	<u>\$ 28,278</u>	<u>\$ 21,542</u>	<u>\$ 11,000</u>
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 80,976	\$ 78,704	\$ 97,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	25.88%	21.49%	10.19%
Covered payroll	\$ 1,901,939	\$ 1,830,668	\$ 1,821,022
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	4.26%	4.30%	5.33%

Schedule is intended to show information for 10 years. Coverage for Component Unit School Board (nonprofessional) was effective July 1, 2017. 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, 2018 through June 30, 2021

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	(1)	(2)	(3)	(4)	(5)
Component Unit School Board (nonprofessional)					
2021	\$ 11,593	\$ 11,593	\$ -	\$ 1,869,959	0.62%
2020	11,413	11,413	-	1,901,939	0.60%
2019	11,006	11,006	-	1,830,668	0.60%
2018	11,095	11,095	-	1,821,022	0.61%

Schedule is intended to show information for 10 years. Coverage for Component Unit School Board (nonprofessional) was effective July 1, 2017. However, additional years will be included as they become available. Current year contributions are from School Board records and prior year contributions are from the VRS actuarial valuation performed each year.

County of Alleghany, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

FIDUCIARY FUNDS

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

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

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

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

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

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

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

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, 2021

Custodial Funds											
Friends of Youth				Human & Leisure Service		Humane Society Capital Improvements		Jackson River Vocational Center		Allegany Highlands Economic Development Corporation	
				Special Welfare		United Fire & Rescue Association		Inmate Funds		Total	
</											

County of Alleghany, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds										
	Friends of Youth	Human & Leisure Service	Humane Society Capital Improvements	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Inmate Funds	Total		
ADDITIONS											
Contributions and grants	\$ -	\$ -	\$ -	\$ 1,157,883	\$ 77,292	\$ 51,847	\$ 407,817	\$ -	\$ -	\$ 1,694,839	
Deposits from inmates	-	-	-	-	-	-	-	287,195	-	287,195	
Revenue from the use of money	-	-	-	1,585	1	2,169	531	-	-	4,286	
Miscellaneous	-	-	-	193,161	-	-	27,089	-	-	220,250	
Total additions	\$ -	\$ -	\$ -	\$ 1,352,629	\$ 77,293	\$ 54,016	\$ 435,437	\$ 287,195	\$ -	\$ 2,206,570	
DEDUCTIONS											
Education expenses	\$ -	\$ -	\$ -	\$ 1,269,802	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,269,802	
Friends of Youth expenses	3,593	-	-	-	-	-	-	-	-	3,593	
Human Society Capital expenses	-	-	5,131	-	-	-	-	-	-	5,131	
Special welfare payments	-	-	-	-	77,291	-	-	-	-	77,291	
Alleghany Highlands Economic Development payments	-	-	-	-	-	-	356,962	-	-	356,962	
Inmate refunds	-	-	-	-	-	-	-	319,769	-	319,769	
Total deductions	\$ 3,593	\$ -	\$ 5,131	\$ 1,269,802	\$ 77,291	\$ -	\$ 356,962	\$ 319,769	\$ -	\$ 2,032,548	
Net increase (decrease) in fiduciary net position	\$ (3,593)	\$ -	\$ (5,131)	\$ 82,827	\$ 2	\$ 54,016	\$ 78,475	\$ (32,574)	\$ -	\$ 174,022	
Net position, beginning of year, as restated	3,593	822	5,131	439,051	9,934	550,241	116,099	58,014	-	1,182,885	
Net position, end of year	\$ -	\$ 822	\$ -	\$ 521,878	\$ 9,936	\$ 604,257	\$ 194,574	\$ 25,440	\$ -	\$ 1,356,907	

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

MAJOR GOVERNMENTAL FUNDS

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

County of Alleghany, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,337,905	\$ 922,783	\$ 6,260,688
Cash in custody of others	204,523	-	204,523
Receivables (net of allowance for uncollectibles):			
Accounts receivable	23,914	-	23,914
Due from other governmental units	292,106	-	292,106
Prepaid items	416,383	-	416,383
Total assets	<u>\$ 6,274,831</u>	<u>\$ 922,783</u>	<u>\$ 7,197,614</u>
LIABILITIES			
Accounts payable	\$ 119,476	\$ 3,681	\$ 123,157
Accrued liabilities	917,172	-	917,172
Unearned revenue	-	3,000	3,000
Total liabilities	<u>\$ 1,036,648</u>	<u>\$ 6,681</u>	<u>\$ 1,043,329</u>
FUND BALANCES			
Nonspendable			
Prepaid items	\$ 416,383	\$ -	\$ 416,383
Restricted for the school food program	204,523	-	204,523
Restricted for school consolidation	90,075	-	90,075
Restricted for school activity fund	-	656,221	656,221
Restricted for governor's school fund		259,881	259,881
Unrestricted	4,527,202	-	4,527,202
Total fund balances	<u>\$ 5,238,183</u>	<u>\$ 916,102</u>	<u>\$ 6,154,285</u>
Total liabilities and fund balances	<u>\$ 6,274,831</u>	<u>\$ 922,783</u>	<u>\$ 7,197,614</u>

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

Total fund balances per above	\$ 6,154,285
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Land	\$ 1,019,216
Buildings and improvements	6,746,868
Machinery and equipment	<u>3,328,246</u>
	11,094,330
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 5,058,739
OPEB related items	<u>554,378</u>
	5,613,117
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Compensated absences	\$ (270,901)
Net OPEB liabilities	(4,258,758)
Net pension liabilities	<u>(19,648,801)</u>
	(24,178,460)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (2,732,888)
OPEB related items	<u>(494,219)</u>
	(3,227,107)
Net position of governmental activities	<u><u>\$ (4,543,835)</u></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, 2021

	School Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 5,733	\$ -	\$ 5,733
Charges for services	92,959	342,464	435,423
Miscellaneous	314,825	-	314,825
Recovered costs	91,018	-	91,018
Intergovernmental	26,619,556	117,666	26,737,222
Total revenues	<u>\$ 27,124,091</u>	<u>\$ 460,130</u>	<u>\$ 27,584,221</u>
EXPENDITURES			
Current:			
Education	\$ 26,020,560	\$ 598,197	\$ 26,618,757
Capital projects	595,085	-	595,085
Total expenditures	<u>\$ 26,615,645</u>	<u>\$ 598,197</u>	<u>\$ 27,213,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 508,446</u>	<u>\$ (138,067)</u>	<u>\$ 370,379</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 15,857	\$ 123,502	\$ 139,359
Transfers out	(123,502)	(15,857)	(139,359)
Sale of capital assets	4,400	-	4,400
Total other financing sources (uses)	<u>\$ (103,245)</u>	<u>\$ 107,645</u>	<u>\$ 4,400</u>
Net change in fund balances	\$ 405,201	\$ (30,422)	\$ 374,779
Fund balances - beginning, as restated	4,832,982	946,524	5,779,506
Fund balances - ending	<u>\$ 5,238,183</u>	<u>\$ 916,102</u>	<u>\$ 6,154,285</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 \$ 374,779

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

Capital outlay	\$ 1,156,982	
Depreciation expense	<u>(1,018,649)</u>	138,333

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	\$ (12,109)	
Change in OPEB related items	99,303	
Change in pension related items	<u>198,737</u>	285,931

Change in net position of governmental activities \$ 799,043

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, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 24,503	\$ 24,503	\$ 5,733	\$ (18,770)
Charges for services	286,885	286,885	92,959	(193,926)
Miscellaneous	145,160	145,160	314,825	169,665
Recovered costs	73,093	73,093	91,018	17,925
Intergovernmental	26,244,566	26,244,566	26,619,556	374,990
Total revenues	\$ 26,774,207	\$ 26,774,207	\$ 27,124,091	\$ 349,884
EXPENDITURES				
Current:				
Education	\$ 27,236,620	\$ 27,236,620	\$ 26,020,560	\$ 1,216,060
Capital projects	1,047,000	1,047,000	595,085	451,915
Total expenditures	\$ 28,283,620	\$ 28,283,620	\$ 26,615,645	\$ 1,667,975
Excess (deficiency) of revenues over (under) expenditures	\$ (1,509,413)	\$ (1,509,413)	\$ 508,446	\$ 2,017,859
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 15,857	\$ 15,857
Transfers out	-	-	(123,502)	(123,502)
Sale of capital assets	5,000	5,000	4,400	(600)
Total other financing sources (uses)	\$ 5,000	\$ 5,000	\$ (103,245)	\$ (108,245)
Net change in fund balances	\$ (1,504,413)	\$ (1,504,413)	\$ 405,201	\$ 1,909,614
Fund balances - beginning	3,176,235	3,176,235	4,832,982	1,656,747
Fund balances - ending	\$ 1,671,822	\$ 1,671,822	\$ 5,238,183	\$ 3,566,361

County of Alleghany, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
June 30, 2021

	Governor's School <u>Fund</u>	School Activity <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 262,881	\$ 659,902	\$ 922,783
Total assets	<u>\$ 262,881</u>	<u>\$ 659,902</u>	<u>\$ 922,783</u>
LIABILITIES			
Accounts payable	\$ -	\$ 3,681	\$ 3,681
Unearned revenue	3,000	-	3,000
Total liabilities	<u>\$ 3,000</u>	<u>\$ 3,681</u>	<u>\$ 6,681</u>
FUND BALANCES			
Restricted for school activity fund	-	656,221	656,221
Restricted for governor's school fund	259,881	-	259,881
Total fund balances	<u>\$ 259,881</u>	<u>\$ 656,221</u>	<u>\$ 916,102</u>
Total liabilities and fund balances	<u>\$ 262,881</u>	<u>\$ 659,902</u>	<u>\$ 922,783</u>

County of Alleghany, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	Governor's School <u>Fund</u>	School Activity <u>Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 143,326	\$ 199,138	\$ 342,464
Intergovernmental	117,666	-	117,666
Total revenues	<u>\$ 260,992</u>	<u>\$ 199,138</u>	<u>\$ 460,130</u>
EXPENDITURES			
Current:			
Education	\$ 229,122	\$ 369,075	\$ 598,197
Total expenditures	<u>\$ 229,122</u>	<u>\$ 369,075</u>	<u>\$ 598,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 31,870</u>	<u>\$ (169,937)</u>	<u>\$ (138,067)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 123,502	\$ 123,502
Transfers out	-	(15,857)	(15,857)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 107,645</u>	<u>\$ 107,645</u>
Net change in fund balances	\$ 31,870	\$ (62,292)	\$ (30,422)
Fund balances - beginning, as restated	228,011	718,513	946,524
Fund balances - ending	<u><u>\$ 259,881</u></u>	<u><u>\$ 656,221</u></u>	<u><u>\$ 916,102</u></u>

Supporting Schedules

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,597,000	\$ 7,597,000	\$ 7,714,571	\$ 117,571
Real and personal public service corporation taxes	1,350,000	1,350,000	1,313,442	(36,558)
Personal property taxes	2,440,000	2,440,000	2,646,323	206,323
Mobile home taxes	22,500	22,500	21,693	(807)
Machinery and tools taxes	6,287,800	6,287,800	6,293,688	5,888
Penalties	87,500	87,500	117,376	29,876
Interest	70,000	70,000	85,187	15,187
Total general property taxes	\$ 17,854,800	\$ 17,854,800	\$ 18,192,280	\$ 337,480
Other local taxes:				
Local sales and use taxes	\$ 600,000	\$ 600,000	\$ 1,038,936	\$ 438,936
Consumers' utility taxes	255,000	255,000	289,080	34,080
Probate taxes	5,000	5,000	6,428	1,428
Business license taxes	350,000	350,000	385,811	35,811
Utility consumption taxes	200,000	200,000	232,654	32,654
Motor vehicle licenses	400,000	400,000	423,072	23,072
Taxes on recordation and wills	57,500	57,500	85,477	27,977
Hotel and motel room taxes	175,000	175,000	159,071	(15,929)
Restaurant food taxes	360,000	360,000	516,520	156,520
Moped and ATV sales tax	-	-	2,075	2,075
Total other local taxes	\$ 2,402,500	\$ 2,402,500	\$ 3,139,124	\$ 736,624
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 7,340	\$ 340
Land use application fees	300	300	232	(68)
Transfer fees	650	650	633	(17)
Zoning and subdivision fees	2,500	2,500	1,779	(721)
Erosion and sediment control	800	800	2,305	1,505
Permits and other licenses	24,150	24,150	21,377	(2,773)
Total permits, privilege fees, and regulatory licenses	\$ 35,400	\$ 35,400	\$ 33,666	\$ (1,734)
Fines and forfeitures:				
Court fines and forfeitures	\$ 77,000	\$ 76,999	\$ 53,128	\$ (23,871)
Total fines and forfeitures	\$ 77,000	\$ 76,999	\$ 53,128	\$ (23,871)
Revenue from use of money and property:				
Revenue from use of money	\$ 50,900	\$ 50,900	\$ 30,262	\$ (20,638)
Revenue from use of property	7,500	7,500	5,535	(1,965)
Total revenue from use of money and property	\$ 58,400	\$ 58,400	\$ 35,797	\$ (22,603)
Charges for services:				
Charges for law enforcement and traffic control	\$ 5,000	\$ 5,000	\$ 7,480	\$ 2,480
Charges for courthouse maintenance	12,000	12,000	9,224	(2,776)
Sale of publications and maps	50	50	10	(40)
Charges for gasoline	103,000	103,000	21,900	(81,100)
Charges for Commonwealth's Attorney	5,000	5,000	4,757	(243)
Miscellaneous jail and inmate fees	10,050	5,050	4,632	(418)

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 280,000	\$ 280,000	\$ 472,834	\$ 192,834
Charges for copies	4,000	4,000	3,007	(993)
Charges for parks and recreation	35,000	37,095	18,847	(18,248)
Charges for law library	4,500	4,500	3,716	(784)
Charges for courthouse security	60,000	60,000	69,237	9,237
Charges for refuse fees	400,000	400,000	437,909	37,909
Charges for other services	1,000	6,000	1,201	(4,799)
Total charges for services	\$ 919,600	\$ 921,695	\$ 1,054,754	\$ 133,059
Miscellaneous:				
Miscellaneous	\$ 31,000	\$ 63,542	\$ 65,546	\$ 2,004
Donations	43,620	20,120	2,550	(17,570)
Sale of surplus	10,000	10,000	17,872	7,872
Alleghany Foundation contributions	-	-	25	25
Total miscellaneous	\$ 84,620	\$ 93,662	\$ 85,993	\$ (7,669)
Recovered costs:				
Care of prisoners	\$ 200,000	\$ 200,000	\$ 207,480	\$ 7,480
Co-payment for medical charges	17,000	17,000	20,384	3,384
LOA County reimbursement	16,500	16,500	1,099	(15,401)
Health department	1,500	1,500	2,423	923
Bath county-jail	80,000	127,024	185,541	58,517
Covington-magistrate, probation	4,900	4,900	2,742	(2,158)
Clifton Forge E911	80,000	80,000	41,352	(38,648)
Covington E911 Center	-	-	30,992	30,992
Covington-welfare	306,724	472,666	491,132	18,466
AHSD resource officer	-	-	1,794	1,794
General government	1,014,469	1,014,469	1,335,662	321,193
CIT assessment reimbursements	185,159	185,159	151,883	(33,276)
Other recovered costs	45,500	49,000	23,366	(25,634)
Total recovered costs	\$ 1,951,752	\$ 2,168,218	\$ 2,495,850	\$ 327,632
Total revenue from local sources	\$ 23,384,072	\$ 23,611,674	\$ 25,090,592	\$ 1,478,918
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 91,000	\$ 91,000	\$ 90,355	\$ (645)
Mobile home titling tax	15,000	15,000	22,620	7,620
State recordation tax	11,000	11,000	17,308	6,308
Communication taxes	370,000	370,000	304,902	(65,098)
Additional tax on deeds	20,000	20,000	29,611	9,611
Personal property tax relief funds	1,610,808	1,610,808	1,610,808	-
Game of skills	-	-	21,744	21,744
Total noncategorical aid	\$ 2,117,808	\$ 2,117,808	\$ 2,097,348	\$ (20,460)

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 489,342	\$ 489,342	\$ 447,179	\$ (42,163)
Sheriff	2,434,547	2,456,077	2,396,532	(59,545)
Commissioner of revenue	135,745	135,745	134,743	(1,002)
Treasurer	115,270	115,270	113,442	(1,828)
Registrar/electoral board	43,000	43,605	39,988	(3,617)
Clerk of the Circuit Court	323,403	356,463	339,456	(17,007)
Total shared expenses	\$ 3,541,307	\$ 3,596,502	\$ 3,471,340	\$ (125,162)
Other categorical aid:				
Welfare administration and public assistance	\$ 821,775	\$ 821,775	\$ 683,534	\$ (138,241)
Comprehensive services act	1,130,640	1,198,776	1,229,147	30,371
Wireless E-911 grant	45,000	45,000	68,441	23,441
Drug asset forfeiture revenue	12,800	12,800	2,494	(10,306)
Emergency medical services	50,000	50,000	-	(50,000)
IPR funds	3,100	3,100	3,637	537
Litter control grant	15,000	15,000	14,084	(916)
Fire services grant	43,500	45,650	45,648	(2)
State sales tax	2,542,479	2,542,479	2,709,961	167,482
Library grant	-	-	8,682	8,682
VJCCA grant	100,000	100,000	-	(100,000)
VITA grant	10,000	10,000	50,717	40,717
Stormwater grant	5,000	5,000	5,400	400
Victim witness	245,112	245,112	56,649	(188,463)
Virginia Commission for the Arts grant	4,500	4,500	4,500	-
Four for life grant	-	-	17,666	17,666
Total other categorical aid	\$ 5,028,906	\$ 5,099,192	\$ 4,900,560	\$ (198,632)
Total categorical aid	\$ 8,570,213	\$ 8,695,694	\$ 8,371,900	\$ (323,794)
Total revenue from the Commonwealth	\$ 10,688,021	\$ 10,813,502	\$ 10,469,248	\$ (344,254)
Revenue from the federal government:				
Payments in lieu of taxes	\$ 250,000	\$ 250,000	\$ 407,011	\$ 157,011
Categorical aid:				
Welfare administration and public assistance	\$ 1,247,755	\$ 1,319,566	\$ 1,474,620	\$ 155,054
State and community highway safety	10,000	10,000	9,320	(680)
Community development block grants	-	1,600,000	963,415	(636,585)
Emergency management performance grant	-	7,500	15,000	7,500
Victim witness	-	-	169,946	169,946

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
Secure rural schools and community self-determination	\$ -	\$ -	\$ 54,589	\$ 54,589
Coronavirus relief fund	-	2,894,272	1,784,240	(1,110,032)
HAVA election grant	-	52,712	36,251	(16,461)
Total categorical aid	<u>\$ 1,257,755</u>	<u>\$ 5,884,050</u>	<u>\$ 4,507,381</u>	<u>\$ (1,376,669)</u>
 Total revenue from the federal government	 <u>\$ 1,507,755</u>	 <u>\$ 6,134,050</u>	 <u>\$ 4,914,392</u>	 <u>\$ (1,219,658)</u>
 Total General Fund	 <u>\$ 35,579,848</u>	 <u>\$ 40,559,226</u>	 <u>\$ 40,474,232</u>	 <u>\$ (84,994)</u>
 Special Revenue Fund:				
Special Law Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,500	\$ 1,500	\$ 1,219	\$ (281)
Total revenue from use of money and property	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,219</u>	<u>\$ (281)</u>
 Miscellaneous:				
Vending machine collections	\$ 32,000	\$ 32,000	\$ 63,500	\$ 31,500
Jail commissary collections	18,000	18,000	33,530	15,530
Work release collections	500	500	85	(415)
Total miscellaneous	<u>\$ 50,500</u>	<u>\$ 50,500</u>	<u>\$ 97,115</u>	<u>\$ 46,615</u>
 Total revenue from local sources	 <u>\$ 52,000</u>	 <u>\$ 52,000</u>	 <u>\$ 98,334</u>	 <u>\$ 46,334</u>
 Total Special Law Fund	 <u>\$ 52,000</u>	 <u>\$ 52,000</u>	 <u>\$ 98,334</u>	 <u>\$ 46,334</u>
 Total Primary Government	 <u>\$ 35,631,848</u>	 <u>\$ 40,611,226</u>	 <u>\$ 40,572,566</u>	 <u>\$ (38,660)</u>
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 24,503	\$ 24,503	\$ 5,733	\$ (18,770)
Total revenue from use of money and property	<u>\$ 24,503</u>	<u>\$ 24,503</u>	<u>\$ 5,733</u>	<u>\$ (18,770)</u>
 Charges for services:				
Charges for education	\$ 12,063	\$ 12,063	\$ 10,383	\$ (1,680)
Cafeteria sales ¹	261,748	261,748	71,497	(190,251)
Use of buses and facilities	13,074	13,074	11,079	(1,995)
Total charges for services	<u>\$ 286,885</u>	<u>\$ 286,885</u>	<u>\$ 92,959</u>	<u>\$ (193,926)</u>
 Miscellaneous:				
Other miscellaneous	\$ 145,160	\$ 145,160	\$ 314,825	\$ 169,665
Total miscellaneous	<u>\$ 145,160</u>	<u>\$ 145,160</u>	<u>\$ 314,825</u>	<u>\$ 169,665</u>

1. Cafeteria sales merged from activity fund financial reports and not subject to budget

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Erate	\$ 67,056	\$ 67,056	\$ 67,056	\$ -
Other recovered costs	6,037	6,037	23,962	17,925
Total recovered costs	<u>\$ 73,093</u>	<u>\$ 73,093</u>	<u>\$ 91,018</u>	<u>\$ 17,925</u>
 Total revenue from local sources	 <u>\$ 529,641</u>	 <u>\$ 529,641</u>	 <u>\$ 504,535</u>	 <u>\$ (25,106)</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Alleghany, Virginia	\$ 11,512,108	\$ 11,512,108	\$ 11,531,793	\$ 19,685
Total revenues from local governments	<u>\$ 11,512,108</u>	<u>\$ 11,512,108</u>	<u>\$ 11,531,793</u>	<u>\$ 19,685</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Basic school aid	\$ 7,018,436	\$ 7,018,436	\$ 6,863,246	\$ (155,190)
Remedial summer education	41,876	41,876	22,683	(19,193)
Regular foster care	16,851	16,851	19,977	3,126
GED prep program	86,045	86,045	53,161	(32,884)
Gifted and talented	70,828	70,828	69,315	(1,513)
Remedial education	306,032	306,032	299,492	(6,540)
Special education	797,821	797,821	780,772	(17,049)
Textbook payment	143,621	143,621	140,552	(3,069)
Capital improvement funds	-	-	228,400	228,400
Vocational standards of quality payments	296,677	296,677	290,337	(6,340)
Social security fringe benefits	430,316	430,316	421,120	(9,196)
Retirement fringe benefits	1,004,961	1,004,961	983,485	(21,476)
Governor's school grant	82,683	82,683	-	(82,683)
State lottery payments	479,426	479,426	545,387	65,961
Early reading intervention	53,610	53,610	58,715	5,105
School food	18,357	18,357	8,964	(9,393)
Homebound	12,587	12,587	3,294	(9,293)
At risk payments	443,862	443,862	434,237	(9,625)
Board certifications	7,500	7,500	7,500	-
Preschool pilot program	304,361	304,361	103,312	(201,049)
Technology	232,000	232,000	219,427	(12,573)
Standards of Learning algebra readiness	30,945	30,945	30,945	-
Group life insurance	30,737	30,737	30,080	(657)
Career and Technical Education	58,392	58,392	101,307	42,915
Project graduation	6,763	6,763	6,763	-
Mentor teacher program	2,528	2,528	1,801	(727)
Primary class size	338,644	338,644	356,161	17,517
Special education regional tuition	204,104	204,104	272,539	68,435
Other state funds	5,668	5,668	114,518	108,850
Total categorical aid	<u>\$ 12,525,631</u>	<u>\$ 12,525,631</u>	<u>\$ 12,467,490</u>	<u>\$ (58,141)</u>
 Total revenue from the Commonwealth	 <u>\$ 12,525,631</u>	 <u>\$ 12,525,631</u>	 <u>\$ 12,467,490</u>	 <u>\$ (58,141)</u>

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 121,792	\$ 121,792	\$ 108,192	\$ (13,600)
Title I	623,163	623,163	618,346	(4,817)
Title VI-B, special education flow-through	545,064	545,064	547,355	2,291
Title VI-B, special education pre-school	20,793	20,793	30,348	9,555
Vocational education	39,154	39,154	42,267	3,113
Title II - Part A	77,414	77,414	78,248	834
School food program	682,262	682,262	540,257	(142,005)
Adult education	9,507	9,507	-	(9,507)
Title IV Part A academic enrichment	87,131	87,131	43,007	(44,124)
Title III - Part A	547	547	1,650	1,103
State stabilizatoion fund	-	-	31,833	31,833
Education stabilization fund	-	-	263,350	263,350
Coronavirus relief fund	-	-	315,420	315,420
Total categorical aid	\$ 2,206,827	\$ 2,206,827	\$ 2,620,273	\$ 413,446
Total revenue from the federal government	\$ 2,206,827	\$ 2,206,827	\$ 2,620,273	\$ 413,446
Total School Operating Fund	\$ 26,774,207	\$ 26,774,207	\$ 27,124,091	\$ 349,884
Nonmajor Special Revenue funds:				
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 180,412	\$ 180,412	\$ 143,326	\$ (37,086)
Total charges for services	\$ 180,412	\$ 180,412	\$ 143,326	\$ (37,086)
Total revenue from local sources	\$ 180,412	\$ 180,412	\$ 143,326	\$ (37,086)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 108,683	\$ 108,683	\$ 117,666	\$ 8,983
Total categorical aid	\$ 108,683	\$ 108,683	\$ 117,666	\$ 8,983
Total revenue from the Commonwealth	\$ 108,683	\$ 108,683	\$ 117,666	\$ 8,983
Total Governor's School Fund	\$ 289,095	\$ 289,095	\$ 260,992	\$ (28,103)

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 6

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 67,122	\$ 67,121	\$ 64,388	\$ 2,733
Total legislative	\$ 67,122	\$ 67,121	\$ 64,388	\$ 2,733
General and financial administration:				
County administrator	\$ 857,140	\$ 1,060,128	\$ 874,273	\$ 185,855
Personnel	12,800	19,267	19,267	-
Legal services	35,000	58,056	56,056	2,000
Special legal services	5,000	10,855	10,855	-
Commissioner of the revenue	420,979	427,438	403,209	24,229
Reassessment	50,000	198,845	-	198,845
Equalization board	-	23	23	-
Automotive motor pool	354,402	295,815	252,304	43,511
Treasurer	425,775	439,341	425,658	13,683
Audit services	58,000	60,580	60,580	-
Technology department	8,700	29,976	19,400	10,576
Pandemic response	-	236,318	236,318	-
Total general and financial administration	\$ 2,227,796	\$ 2,836,642	\$ 2,357,943	\$ 478,699
Board of elections:				
Registrar	\$ 99,753	\$ 179,639	\$ 158,162	\$ 21,477
Electoral board and officials	43,467	40,157	40,148	9
Total board of elections	\$ 143,220	\$ 219,796	\$ 198,310	\$ 21,486
Total general government administration	\$ 2,438,138	\$ 3,123,559	\$ 2,620,641	\$ 502,918
Judicial administration:				
Courts:				
Circuit court	\$ 75,872	\$ 77,948	\$ 75,433	\$ 2,515
General district court	24,189	24,189	14,456	9,733
Special magistrates	2,726	2,816	2,382	434
Sheriff	457,279	341,036	341,036	-
Law library	10,327	86,498	78,204	8,294
Clerk of the circuit court	506,813	555,283	529,715	25,568
Total courts	\$ 1,077,206	\$ 1,087,770	\$ 1,041,226	\$ 46,544
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,007,685	\$ 1,018,718	\$ 893,077	\$ 125,641
Total commonwealth's attorney	\$ 1,007,685	\$ 1,018,718	\$ 893,077	\$ 125,641
Total judicial administration	\$ 2,084,891	\$ 2,106,488	\$ 1,934,303	\$ 172,185
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,456,964	\$ 2,137,644	\$ 2,108,364	\$ 29,280
Crime prevention	20,120	1,913	1,913	-
DARE program	100,667	98,979	98,979	-

County of Alleghany, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Law enforcement and traffic control: (Continued)				
School resource officer	\$ 312,809	\$ 399,207	\$ 399,207	\$ -
Radar transportation	15,204	15,204	-	15,204
Drug asset forfeiture	8,500	8,500	-	8,500
CIT assessment	187,634	169,520	169,520	-
Total law enforcement and traffic control	\$ 3,101,898	\$ 2,830,967	\$ 2,777,983	\$ 52,984
Fire and rescue services:				
Fire departments	\$ 68,600	\$ 68,600	\$ 68,590	\$ 10
Volunteer fire departments	356,217	362,187	362,186	1
Emergency services	250	250	244	6
Ambulance and rescue services	373,692	373,692	373,521	171
Sara III Emergency Council	150	150	74	76
United fire and rescue association	359,638	390,808	387,947	2,861
Total fire and rescue services	\$ 1,158,547	\$ 1,195,687	\$ 1,192,562	\$ 3,125
Correction and detention:				
Sheriff-correction and detention	\$ 2,817,911	\$ 3,175,098	\$ 3,329,536	\$ (154,438)
Probation	5,150	5,150	4,448	702
VJCCA grant	3,617	3,617	3,617	-
Total correction and detention	\$ 2,826,678	\$ 3,183,865	\$ 3,337,601	\$ (153,736)
Inspections:				
Building	\$ 117,763	\$ 99,881	\$ 97,487	\$ 2,394
Total inspections	\$ 117,763	\$ 99,881	\$ 97,487	\$ 2,394
Other protection:				
Animal control	\$ 74,639	\$ 72,574	\$ 72,574	\$ -
Animal protection	103,855	103,855	103,855	-
Medical examiner	300	300	300	-
Courthouse security	119,176	130,035	195,132	(65,097)
E-911	747,548	807,222	678,180	129,042
Total other protection	\$ 1,045,518	\$ 1,113,986	\$ 1,050,041	\$ 63,945
Total public safety	\$ 8,250,404	\$ 8,424,386	\$ 8,455,674	\$ (31,288)
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 705,710	\$ 887,666	\$ 630,784	\$ 256,882
Refuse disposal	1,248,409	1,443,369	1,439,369	4,000
General engineering	400	551	551	-
Storm water management	19,032	16,746	9,228	7,518
Recycling program	75,596	75,596	69,021	6,575
Total sanitation and waste removal	\$ 2,049,147	\$ 2,423,928	\$ 2,148,953	\$ 274,975

County of Alleghany, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General maintenance	\$ 158,003	\$ 106,034	\$ 106,034	\$ -
General properties	776,701	820,120	686,027	134,093
Pandemic response	-	822,610	822,610	-
Total maintenance of general buildings and grounds	<u>\$ 934,704</u>	<u>\$ 1,748,764</u>	<u>\$ 1,614,671</u>	<u>\$ 134,093</u>
Total public works	<u>\$ 2,983,851</u>	<u>\$ 4,172,692</u>	<u>\$ 3,763,624</u>	<u>\$ 409,068</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 177,498	\$ 186,498	\$ 162,523	\$ 23,975
Pandemic response	40,000	2,444,616	105,277	2,339,339
Pandemic response-contribution to Town of Clifton Forge	-	419,304	419,304	-
Pandemic response-contribution to Town of Iron Gate	-	9,007	9,007	-
Pandemic response-contributions	-	140,216	140,216	-
Total health	<u>\$ 217,498</u>	<u>\$ 3,199,641</u>	<u>\$ 836,327</u>	<u>\$ 2,363,314</u>
Mental health and mental retardation:				
Community services board	\$ 120,737	\$ 120,737	\$ 120,737	\$ -
Total mental health and mental retardation	<u>\$ 120,737</u>	<u>\$ 120,737</u>	<u>\$ 120,737</u>	<u>\$ -</u>
Welfare:				
Administration	\$ 1,939,996	\$ 2,127,248	\$ 2,127,248	\$ -
Public assistance	521,260	626,485	626,485	-
Emergency repair fund	6,510	6,510	4,825	1,685
Indoor plumbing rehabilitation fund	-	46,661	12,374	34,287
TAP	5,775	5,775	5,775	-
Tax relief for the elderly	145,000	145,000	140,976	4,024
Safehomes, Inc.	5,000	5,000	5,000	-
Board of public welfare	4,844	4,844	4,522	322
Children's services act	1,466,017	1,641,403	1,647,744	(6,341)
Feeding America	2,500	2,500	2,500	-
Other welfare	9,326	9,326	9,326	-
CDBG-housing boiling springs	5,500	27,351	3,688	23,663
Total welfare	<u>\$ 4,111,728</u>	<u>\$ 4,648,103</u>	<u>\$ 4,590,463</u>	<u>\$ 57,640</u>
Total health and welfare	<u>\$ 4,449,963</u>	<u>\$ 7,968,481</u>	<u>\$ 5,547,527</u>	<u>\$ 2,420,954</u>
Education:				
Other instructional costs:				
Contributions to Dabney S. Lancaster Community College	\$ 9,230	\$ 9,230	\$ 9,230	\$ -
Contribution to County School Board	11,833,539	11,885,048	11,531,793	353,255
Total education	<u>\$ 11,842,769</u>	<u>\$ 11,894,278</u>	<u>\$ 11,541,023</u>	<u>\$ 353,255</u>

County of Alleghany, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 648,594	\$ 742,931	\$ 646,286	\$ 96,645
Scenic trail	18,502	1,033,755	98,453	935,302
Clifton little league	9,000	9,000	9,000	-
Alleghany Highlands youth sports	9,000	9,000	9,000	-
Iron gate recreation	2,000	2,000	2,000	-
Total parks and recreation	\$ 687,096	\$ 1,796,686	\$ 764,739	\$ 1,031,947
Cultural enrichment:				
Alleghany concert series	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Alleghany crafts	1,800	1,800	1,800	-
Arts grant	4,500	4,500	4,500	-
Total cultural enrichment	\$ 11,300	\$ 11,300	\$ 11,300	\$ -
Library:				
Contribution to regional library	\$ 134,972	\$ 134,972	\$ 134,972	\$ -
Contribution to Clifton library	25,225	25,225	25,225	-
Total library	\$ 160,197	\$ 160,197	\$ 160,197	\$ -
Total parks, recreation, and cultural	\$ 858,593	\$ 1,968,183	\$ 936,236	\$ 1,031,947
Community development:				
Planning and community development:				
Community development	\$ 76,937	\$ 78,014	\$ 74,795	\$ 3,219
Economic development	131,868	199,303	130,248	69,055
CDBG - Small business grants	-	1,600,000	704,991	895,009
Boards and commissions	17,938	27,938	16,289	11,649
Tourism initiative	100,000	100,000	99,998	2
Jackson River Enterprises	15,000	15,000	15,000	-
Clifton Armory contribution	3,500	3,500	3,500	-
Clifton Forge stars and stripes	1,500	1,500	1,500	-
Chamber Indust.	8,000	13,000	13,000	-
Contribution to SERCAP	5,000	5,000	-	5,000
Contribution to CSB Jail service	28,993	28,993	28,993	-
Total planning and community development	\$ 388,736	\$ 2,072,248	\$ 1,088,314	\$ 983,934
Environmental management:				
Contribution to soil and water district	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Total environmental management	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Cooperative extension program:				
Extension office	\$ 40,744	\$ 40,744	\$ 28,500	\$ 12,244
Total cooperative extension program	\$ 40,744	\$ 40,744	\$ 28,500	\$ 12,244
Total community development	\$ 431,980	\$ 2,115,492	\$ 1,119,314	\$ 996,178
Nondepartmental:				
Contingencies	\$ 468,861	\$ 578,576	\$ 230,454	\$ 348,122
Total nondepartmental	\$ 468,861	\$ 578,576	\$ 230,454	\$ 348,122

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Public Safety system	\$ -	\$ 2,004,961	\$ 1,639,693	\$ 365,268
Wrightstown Project	-	1,351,715	246,443	1,105,272
Other capital projects	1,053,082	3,645,378	32,639	3,612,739
Total capital projects	<u>\$ 1,053,082</u>	<u>\$ 7,002,054</u>	<u>\$ 1,918,775</u>	<u>\$ 5,083,279</u>
Debt service:				
Principal retirement	\$ 1,566,854	\$ 1,566,854	\$ 1,542,746	\$ 24,108
Interest and other fiscal charges	332,726	332,726	332,726	-
Total debt service	<u>\$ 1,899,580</u>	<u>\$ 1,899,580</u>	<u>\$ 1,875,472</u>	<u>\$ 24,108</u>
Total General Fund	<u>\$ 36,762,112</u>	<u>\$ 51,253,769</u>	<u>\$ 39,943,043</u>	<u>\$ 11,310,726</u>
Special Revenue Fund:				
Special Law Fund:				
Public safety:				
Correction and detention:				
Sheriff	\$ 83,500	\$ 83,500	\$ 82,171	\$ 1,329
Total correction and detention	<u>\$ 83,500</u>	<u>\$ 83,500</u>	<u>\$ 82,171</u>	<u>\$ 1,329</u>
Total public safety	<u>\$ 83,500</u>	<u>\$ 83,500</u>	<u>\$ 82,171</u>	<u>\$ 1,329</u>
Total Special Law Fund	<u>\$ 83,500</u>	<u>\$ 83,500</u>	<u>\$ 82,171</u>	<u>\$ 1,329</u>
Total Primary Government	<u>\$ 36,845,612</u>	<u>\$ 51,337,269</u>	<u>\$ 40,025,214</u>	<u>\$ 11,312,055</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	\$ 2,485,658	\$ 2,495,658	\$ 2,505,841	\$ (10,183)
Total administration of schools	<u>\$ 2,485,658</u>	<u>\$ 2,495,658</u>	<u>\$ 2,505,841</u>	<u>\$ (10,183)</u>
Instruction costs:				
Instruction costs	\$ 18,775,987	\$ 18,765,987	\$ 17,739,462	\$ 1,026,525
Total instruction costs	<u>\$ 18,775,987</u>	<u>\$ 18,765,987</u>	<u>\$ 17,739,462</u>	<u>\$ 1,026,525</u>
Operating costs:				
Attendance and health services				
Pupil transportation	\$ 2,095,756	\$ 2,301,771	\$ 2,174,692	\$ 127,079
Operation and maintenance of school plant	2,877,317	2,671,302	2,888,361	(217,059)
School food and other non-instructional costs ⁽¹⁾	1,001,902	1,001,902	712,204	289,698
Total operating costs	<u>\$ 5,974,975</u>	<u>\$ 5,974,975</u>	<u>\$ 5,775,257</u>	<u>\$ 199,718</u>
Total education	<u>\$ 27,236,620</u>	<u>\$ 27,236,620</u>	<u>\$ 26,020,560</u>	<u>\$ 1,216,060</u>

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

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Capital projects:				
School capital projects	\$ 1,047,000	\$ 1,047,000	\$ 595,085	\$ 451,915
Total capital projects	<u>\$ 1,047,000</u>	<u>\$ 1,047,000</u>	<u>\$ 595,085</u>	<u>\$ 451,915</u>
 Total School Operating Fund	 <u>\$ 28,283,620</u>	 <u>\$ 28,283,620</u>	 <u>\$ 26,615,645</u>	 <u>\$ 1,667,975</u>
 Nonmajor Special Revenue funds:				
Governor's School Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 274,639	\$ 274,639	\$ 229,122	\$ 45,517
Total instruction costs	<u>\$ 274,639</u>	<u>\$ 274,639</u>	<u>\$ 229,122</u>	<u>\$ 45,517</u>
 Total education	 <u>\$ 274,639</u>	 <u>\$ 274,639</u>	 <u>\$ 229,122</u>	 <u>\$ 45,517</u>
 Total Governor's School Fund	 <u>\$ 274,639</u>	 <u>\$ 274,639</u>	 <u>\$ 229,122</u>	 <u>\$ 45,517</u>

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
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
2013-14	2,218,596	1,559,654	5,548,155	2,939,564	3,683,445	12,558,547	812,380	505,841	394,899	4,837,124	35,058,205
2012-13	2,200,183	1,482,244	5,340,327	2,894,667	3,538,594	12,643,618	963,741	561,469	430,686	4,208,210	34,263,739
2011-12	2,499,430	1,489,784	5,171,713	2,964,372	3,463,171	12,515,440	1,100,281	404,069	1,623,370	4,497,392	35,729,022

Table 2

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

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
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
2013-14	4,827,467	8,458,807	23,280		15,186,511	2,554,418	82,668	244,619	2,407,155	33,784,925
2012-13	4,639,293	8,543,222	771,476		16,394,558	2,412,439	73,094	353,916	2,396,687	35,584,685
2011-12	4,669,620	8,913,175	1,888,577		15,492,843	2,190,182	50,276	251,787	2,293,952	35,750,412

Table 3

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
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
2013-14	2,348,028	1,561,280	5,792,074	2,853,176	4,145,168	26,757,720	766,086	504,569	137,782	1,595,574	4,974,279	51,435,736
2012-13	2,304,985	1,496,501	5,695,866	2,878,188	3,973,318	28,595,658	785,039	561,954	29,505	1,566,353	700,450	48,587,817
2011-12	2,422,769	1,429,307	5,775,857	3,246,772	3,917,532	29,826,325	760,351	399,258	28,856	10,333,888	526,086	58,667,001

(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.

Table 4

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		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
					Use of Money and Property	Use of Money and Property					
2020-21	\$ 18,192,280	\$ 3,139,124	\$ 33,666	\$ 53,128	\$ 42,749	\$ 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	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	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	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	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	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	61,773	967,427	747,085	1,837,701	26,274,077	48,853,690
2013-14	15,148,553	2,554,418	28,178	59,214	72,952	72,952	1,040,908	708,314	1,800,693	25,373,168	46,786,398
2012-13	16,187,947	2,412,439	40,113	43,559	66,284	66,284	1,123,697	835,224	1,565,975	26,904,703	49,179,941
2011-12	15,412,777	2,190,182	28,259	61,002	47,464	47,464	1,334,845	663,646	1,785,590	28,457,341	49,981,106

(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 to Tax Levy
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%
2012-13	17,282,831	16,978,746	98.24%	209,664	17,188,410	99.45%	632,216 3.66%
2011-12	16,374,806	16,235,714	99.15%	185,834	16,421,548	100.29%	462,659 2.83%

(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
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
2013-14	1,195,599,690	66,324,208	114,611,443	119,210,453	1,495,745,794
2012-13	1,189,199,438	64,151,894	122,088,331	111,530,160	1,486,969,823
2011-12	1,183,707,713	63,193,323	116,555,738	109,080,093	1,472,536,867

(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
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
2013-14	0.67	5.95	0.67	5.95
2012-13	0.67	5.95	0.67	5.95
2011-12	0.64	5.95	0.64	5.95

(1) Per \$100 of assessed value.

Table 8

County of Alleghany, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2020-21	15,223	\$ 1,764,779	\$ 3,014,861	\$ 3,014,861	0.17%	\$ 198
2019-20	14,910	1,737,076	3,559,561	3,559,561	0.20%	239
2018-19	14,910	1,709,947	4,836,269	4,836,269	0.28%	324
2017-18	15,820	1,551,773	6,491,474	6,491,474	0.42%	410
2016-17	15,820	1,533,884	8,121,354	8,121,354	0.53%	513
2015-16	15,820	1,547,736	9,652,194	9,652,194	0.62%	610
2014-15	15,820	1,538,547	11,325,995	11,325,995	0.74%	716
2013-14	16,250	1,495,746	12,848,989	12,848,989	0.86%	791
2012-13	16,250	1,486,970	14,013,313	14,013,313	0.94%	862
2011-12	16,250	1,472,537	13,183,675	13,183,675	0.90%	811

(1) Population per the Bureau of the Census.

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

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To The 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, 2021, 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 December 13, 2021.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a material weakness.

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 2021-001 to be a significant deficiency.

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

County of Alleghany, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Alleghany, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
December 13, 2021



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**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

We have audited the County of Alleghany, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Alleghany, Virginia's major federal programs for the year ended June 30, 2021. County of Alleghany, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Alleghany, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 13, 2021

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Page 1 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
<i>Department of Education:</i>				
Temporary Assistance for Needy Families	93.558	40274	\$ 31,833	
<i>Department of Social Services:</i>				
Temporary Assistance for Needy Families	93.558	0400120/0400121	222,621	\$ 254,454
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950119/0950120		2,446
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500120/0500121		503
Low-Income Home Energy Assistance	93.568	0600420/0600421		36,649
<i>CCDF Cluster:</i>				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760120/0760121		47,904
<i>Total CCDF Cluster</i>				
Chafee Education and Training Vouchers Program	93.599	9160119		303
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121		147
Foster Care - Title IV-E	93.658	1100120/1100121		189,841
Adoption Assistance	93.659	1120120/1120121		63,641
Social Services Block Grant	93.667	1000120/1000121		214,860
Children's Health Insurance Program	93.767	0540120/0540121		3,527
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	1200120/1200121		293,708
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120		2,322
Total Department of Health and Human Services			\$ 1,110,305	
Department of Agriculture:				
Pass Through Payments:				
<i>Department of Agriculture:</i>				
<i>Forest Service Schools and Roads Cluster:</i>				
Schools and Roads - Grants to States	10.665	43841	\$ 108,192	
<i>Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
Summer Food Service Program for Children	10.559	60302/60303	\$ 505,858	
COVID-19 - Summer Food Service Program for Children	10.559	60175/60176	34,399	
<i>Total Child Nutrition Cluster</i>				540,257
<i>Department of Social Services:</i>				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010120/0010121/ 0040120/0040121		396,148
Total Department of Agriculture			\$ 1,044,597	
Department of Transportation:				
Pass Through Payments:				
<i>Department of Motor Vehicles:</i>				
Alcohol Open Container Requirements	20.607	15-AL-2020	\$ 3,508	
<i>Highway Safety Cluster:</i>				
State and Community Highway Safety	20.600	FOP-2020/FOP- 2021/FSC-2021		5,812
Total Department of Transportation			\$ 9,320	
Department of Justice:				
Pass Through Payments:				
<i>Office of Victims of Crime:</i>				
Crime Victim Assistance	16.575	17VAGX0018/ 18VAGX0011	\$ 169,946	
Total Department of Justice			\$ 169,946	
Department of Treasury:				
Pass Through Payments:				
<i>Virginia Department of Accounts</i>				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 1,784,240	\$ 582,930
<i>Department of Education</i>				
COVID-19 - Coronavirus Relief Fund	21.019	70056	315,420	\$ 2,099,660
Total Department of Treasury			\$ 2,099,660	
Department of Elections:				
Pass Through Payments:				
<i>Elections Assistance Commission</i>				
COVID-19 HAVA Election Security Grants	90.404	116912	\$ 36,251	
Total Department of Elections			\$ 36,251	

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Page 2 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
United States Department of the Interior (DOI):				
Direct Payments:				
Secure Rural Schools and Community Self-Determination	15.234	Not applicable	\$ 54,589	
Total United States Department of the Interior (DOI)			\$ 54,589	
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006/EMP-2020-EP-00005	\$ 15,000	
Total Department of Homeland Security			\$ 15,000	
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	117612/117613 /HCD50790	\$ 963,415	
Total Department of Housing and Urban Development			\$ 963,415	
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I: Grants to Local Educational Agencies	84.010	42901	\$ 618,346	
Career and Technical Education: Basic Grants to States	84.048	60031/610951003	42,267	
Special Education Cluster:				
Special Education - Grants to States	84.027	43071	\$ 547,355	
Special Education - Preschool Grants	84.173	62521	30,348	
Total Special Education Cluster				577,703
Supporting Effective Instruction State Grant	84.367	61480		78,248
Student Support and Academic Enrichment Program	84.424	60281		43,007
English Language Acquisition State Grants	84.365	Not available		1,650
Education Stabilization Fund:				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037	\$ 42,724	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	60173/60177	220,626	
Total Education Stabilization Fund				263,350
Total Department of Education			\$ 1,624,571	
Total Expenditures of Federal Awards			\$ 7,127,654	\$ 582,930

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, 2021. 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 -- Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note E -- 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	\$ 15,383,640
Less: Revenue from the Commonwealth	(10,469,248)
Less: Payments in Lieu of Taxes	(407,011)
Component Unit School Board:	
School Operating Fund-Intergovernmental	26,619,556
Less: Revenue from Local Governments	(11,531,793)
Less: Revenue from the Commonwealth	(12,467,490)
Governor's School Fund-Intergovernmental	117,666
Less: Revenue from the Commonwealth	(117,666)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 7,127,654

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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)?	No

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant/States Program and Non-Entitlement Grants in Hawaii
21.019	COVID-19 - Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding 2021-001
(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 of Condition:	The Department experienced turnover and new employees are still in the process of learning their roles and responsibilities.
Effect of Condition:	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.

Finding 2021-002
(Material Weakness)

Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	Material adjustments were identified that were necessary for the County's financial report to be presented in accordance with current reporting standards.
Cause of Condition:	During the closing process, the County failed to identify all year end accounting adjustments necessary for the accounts to be prepared in accordance with current reporting standards.
Effect of Condition:	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:	Overall, the County did a good job of identifying and recording closing entries. We recommend that the County perform an analytical review of balances (current and prior year) in the future to identify any necessary final adjustments.
Management's Response:	The County's current staff has a good understanding of the County's books and accounting processes. The County will develop a process to review year end balances in the future to identify any necessary adjustments.

Section III - Federal Award Findings and Questioned Costs

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

County of Alleghany, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Finding 2020-001

Finding Type:	Significant Deficiency
Condition:	The County's Department of Social Services failed to document reconciliations of the Department expenditures to their requests for reimbursement of same from the Commonwealth for several months in the 2020 fiscal year. In addition, the Department did not reconcile the special welfare ledger to the County's books.
Recommendation:	The Social Services Department should begin reconciling monthly expenses reported to the State against actual expenses and should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.
Current Status:	The finding was partially corrected during the year. The Department began preparing reconciliations of their expenses to the books, but did not reconcile the Special Welfare Ledger to the County's fund and related bank statement for same. The finding is partially repeated as 2021-001 in the current year.
Corrective Action:	Management will begin reconciling balances on a monthly basis.

Finding 2020-002

Finding Type:	Material weakness
Condition:	The audit identified material adjustments that were necessary for the County's financial report to be presented in accordance with current reporting standards.
Recommendation:	The County should perform an analytical review of balances (current and prior year) in the future to identify any necessary final adjustments.
Current Status:	County Staff is still learning the nuances of government financial reporting and while improvements were noted, material entries were recommended by the auditors to ensure the financial statements were prepared in accordance with financial reporting standards. Accordingly, the finding 2020-002 is recurring in the fiscal year 2021 as 2021-002 as a material weakness.
Corrective Action:	County staff will continue to gain an understanding of current reporting standards.