

FINANCIAL STATEMENTS



COUNTY OF ALLEGHANY, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2014

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

COUNTY OF ALLEGHANY, VIRGINIA

BOARD OF SUPERVISORS

Stephen A. Bennett, Chairman	
Carolyn T. Barnette, Vice Chairman	Suzanne T. Adcock
Paige R. Morgan	Richard L. Shull
Shannon P. Cox	Cletus W. Nicely

COUNTY SCHOOL BOARD

Randall Tucker, Chairman	
Robert A. Fridley	Jacob Wright
William W. Angle	Amber Kerns
Benjamin Truett, Vice-Chairman	Norman L. Persinger

SOCIAL SERVICES BOARD

Sherry W. Stull, Chairman	
Carole T. Gibson, Vice Chairman	David Bryant
Stephanie Clark	Shannon Cox
John G. Hudson	

OTHER OFFICIALS

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, and the schedule of pension and OPEB funding progress on pages 53-54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Alleghany, Virginia's basic financial statements. The introductory section, other supplementary information, supporting schedules, and other statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2015, on our consideration of the County of Alleghany, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Alleghany, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
February 4, 2015

Basic Financial Statements

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

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 10,798,860	2,242,298	\$ 13,041,158	\$ 2,611,392
Cash in custody of others	-	-	-	401,937
Receivables (net of allowance for uncollectibles):				
Taxes receivable	612,013	-	612,013	-
Accounts receivable	465,673	481,852	947,525	197,620
Due from primary government	-	-	-	2,020,130
Due from other governmental units	1,379,486	-	1,379,486	481,027
Inventories	6,586	13,898	20,484	13,513
Prepaid expenses	-	-	-	357,169
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	39,575	39,575	-
Cash and cash equivalents - debt reserve funds	-	326,989	326,989	-
Capital assets (net of accumulated depreciation):				
Land	3,547,019	-	3,547,019	1,001,152
Buildings and improvements	22,612,334	-	22,612,334	4,975,864
Improvements other than buildings	-	-	-	-
Machinery and equipment	1,556,065	345,085	1,901,150	1,639,738
Infrastructure	-	40,991,933	40,991,933	-
Construction in progress	2,001,800	174,957	2,176,757	2,956,691
Total assets	\$ 42,979,836	\$ 44,616,587	\$ 87,596,423	\$ 16,656,233
LIABILITIES				
Accounts payable	\$ 532,814	\$ 288,662	\$ 821,476	\$ 289,831
Accrued liabilities	96,506	34,934	131,440	2,050,442
Customers' deposits	-	39,575	39,575	-
Accrued interest payable	196,307	13,933	210,240	-
Due to component unit	2,020,130	-	2,020,130	-
Long-term liabilities:				
Due within one year	1,805,306	631,356	2,436,662	131,995
Due in more than one year	11,611,453	10,027,341	21,638,794	515,007
Total liabilities	\$ 16,262,516	\$ 11,035,801	\$ 27,298,317	\$ 2,987,275
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 12,938	\$ -	\$ 12,938	\$ -
NET POSITION				
Net Investment in capital assets	\$ 16,676,874	\$ 30,936,393	\$ 47,613,267	\$ 10,573,445
Restricted:				
Jail Operations	183,931	-	183,931	-
CDBG Housing	24,607	-	24,607	-
Law Library	18,819	-	18,819	-
Asset Forfeiture Funds	108,546	-	108,546	-
Courthouse Security	32,567	-	32,567	-
Indoor Plumbing Rehab	45,068	-	45,068	-
Emergency Repair Fund	42,748	-	42,748	-
Debt Service Reserves	-	326,989	326,989	-
School Cafeterias	-	-	-	401,937
Health insurance	338,917	-	338,917	-
Unrestricted	9,232,305	2,317,404	11,549,709	2,693,576
Total net position	\$ 26,704,382	\$ 33,580,786	\$ 60,285,168	\$ 13,668,958

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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,218,596	\$ 118,000	\$ 321,340	\$ -	\$ (1,779,256)	\$ -	\$ (1,779,256)
Judicial administration	1,559,654	8,489	761,205	-	(789,960)	-	(789,960)
Public safety	5,548,155	101,901	2,256,292	-	(3,189,962)	-	(3,189,962)
Public works	2,939,564	306,472	20,041	-	(2,613,051)	-	(2,613,051)
Health and welfare	3,683,445	-	2,671,827	-	(1,011,618)	-	(1,011,618)
Education	12,558,547	-	2,374,694	-	(10,183,853)	-	(10,183,853)
Parks, recreation, and cultural	812,380	40,716	53,408	-	(718,256)	-	(718,256)
Community development	505,841	-	-	-	(505,841)	-	(505,841)
Interest on long-term debt	394,899	-	-	-	(394,899)	-	(394,899)
Total governmental activities	\$ 30,221,081	\$ 575,578	\$ 8,458,807	\$ -	\$ (21,186,696)	\$ -	\$ (21,186,696)
Business-type activities:							
Water and Sewer Fund	\$ 4,837,124	\$ 4,251,889	\$ -	\$ 23,280	\$ -	\$ (561,955)	\$ (561,955)
Total primary government	\$ 35,058,205	\$ 4,827,467	\$ 8,458,807	\$ 23,280	\$ (21,186,696)	\$ (561,955)	\$ (21,748,651)
COMPONENT UNIT:							
School Board	\$ 26,845,255	\$ 552,722	\$ 14,507,206	\$ -	\$ -	\$ -	\$ (11,785,327)
Total component unit	\$ 26,845,255	\$ 552,722	\$ 14,507,206	\$ -	\$ -	\$ -	\$ (11,785,327)
General revenues:							
General property taxes					\$ 15,186,511	\$ -	\$ 15,186,511
Other local taxes							
Local sales and use taxes					766,096	-	766,096
Consumers' utility taxes					299,081	-	299,081
Business license taxes					393,079	-	393,079
Utility consumption taxes					221,144	-	221,144
Motor vehicle licenses					306,987	-	306,987
Restaurant food taxes					320,134	-	320,134
Transient lodging taxes					183,947	-	183,947
Other local taxes					63,950	-	63,950
Unrestricted revenues from use of money and property					69,241	13,427	82,668
Miscellaneous					203,154	41,465	244,619
Payments from the County of Alleghany					-	-	-
Grants and contributions not restricted to specific programs					2,407,155	-	2,407,155
Special item - loss on disposal of capital assets					8,058	-	8,058
Total general revenues					\$ 20,428,537	\$ 54,892	\$ 20,483,429
Change in net position					\$ (758,159)	\$ (507,063)	\$ (1,265,222)
Net position - beginning, as restated					27,462,541	34,087,849	61,550,390
Net position - ending					\$ 26,704,382	\$ 33,580,786	\$ 60,285,168
							\$ 13,668,958

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

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

	<u>General Fund</u>	<u>Special Law Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 10,355,376	\$ 182,971	\$ 10,538,347
Receivables (net of allowance for uncollectibles):			
Taxes receivable	612,013	-	612,013
Accounts receivable	383,344	3,925	387,269
Due from other governmental units	1,379,486	-	1,379,486
Inventories	6,586	-	6,586
Total assets	<u>\$ 12,736,805</u>	<u>\$ 186,896</u>	<u>\$ 12,923,701</u>
LIABILITIES			
Accounts payable	\$ 529,849	\$ 2,965	\$ 532,814
Accrued liabilities	96,506	-	96,506
Due to component unit	2,020,130	-	2,020,130
Total liabilities	<u>\$ 2,646,485</u>	<u>\$ 2,965</u>	<u>\$ 2,649,450</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 560,621	\$ -	\$ 560,621
Unavailable revenue - prepaid taxes	12,938	-	12,938
Total deferred inflows of resources	<u>\$ 573,559</u>	<u>\$ -</u>	<u>\$ 573,559</u>
Fund balances:			
Nonspendable			
Inventory	\$ 6,586	\$ -	\$ 6,586
Restricted			
Jail Operations	-	183,931	183,931
CDBG Housing	24,607	-	24,607
Law Library	18,819	-	18,819
Asset Forfeiture Funds	108,546	-	108,546
Courthouse Security	32,567	-	32,567
Indoor Plumbing Rehab	45,068	-	45,068
Emergency Repair Fund	42,748	-	42,748
Assigned			
Capital projects	609,915	-	609,915
Unassigned	8,627,905	-	8,627,905
Total fund balances	<u>\$ 9,516,761</u>	<u>\$ 183,931</u>	<u>\$ 9,700,692</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,736,805</u>	<u>\$ 186,896</u>	<u>\$ 12,923,701</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, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 9,700,692
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 3,547,019	
Buildings and improvements	22,612,334	
Machinery and equipment	1,556,065	
Construction in progress	<u>2,001,800</u>	29,717,218

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	560,621
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Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	338,917
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. This amount is net of any corresponding unamortized bond issuance costs and deferred amounts on refundings.

General obligation bonds	\$ (6,848,989)	
Premium on issuance	(191,355)	
Literary loans	(6,000,000)	
Accrued interest payable	(196,307)	
Compensated absences	<u>(376,415)</u>	(13,613,066)

Net position of governmental activities	<u>\$ 26,704,382</u>
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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, 2014

	<u>General</u>	Special Law <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 15,148,553	\$ -	\$ 15,148,553
Other local taxes	2,554,418	-	2,554,418
Permits, privilege fees, and regulatory licenses	28,178	-	28,178
Fines and forfeitures	59,214	-	59,214
Revenue from the use of money and property	67,689	919	68,608
Charges for services	488,186	-	488,186
Miscellaneous	164,087	39,067	203,154
Recovered costs	1,525,187	-	1,525,187
Intergovernmental:			
Commonwealth	9,363,779	-	9,363,779
Federal	1,502,183	-	1,502,183
Total revenues	<u>\$ 30,901,474</u>	<u>\$ 39,986</u>	<u>\$ 30,941,460</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,348,028	\$ -	\$ 2,348,028
Judicial administration	1,561,280	-	1,561,280
Public safety	5,766,651	25,423	5,792,074
Public works	2,853,176	-	2,853,176
Health and welfare	4,145,168	-	4,145,168
Education	13,534,241	-	13,534,241
Parks, recreation, and cultural	766,086	-	766,086
Community development	504,569	-	504,569
Nondepartmental	137,782	-	137,782
Capital projects	349,368	-	349,368
Debt service:			
Principal retirement	1,164,324	-	1,164,324
Interest and other fiscal charges	431,250	-	431,250
Total expenditures	<u>\$ 33,561,923</u>	<u>\$ 25,423</u>	<u>\$ 33,587,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,660,449)</u>	<u>\$ 14,563</u>	<u>\$ (2,645,886)</u>
Net change in fund balances	\$ (2,660,449)	\$ 14,563	\$ (2,645,886)
Fund balances - beginning	12,177,210	169,368	12,346,578
Fund balances - ending	<u>\$ 9,516,761</u>	<u>\$ 183,931</u>	<u>\$ 9,700,692</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, 2014

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

Net change in fund balances - total governmental funds		\$ (2,645,886)
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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	\$ 1,974,346	
Depreciation expense	<u>(1,329,728)</u>	644,618

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		(11,822)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		37,958
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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	\$ 414,324	
Literary loans	<u>750,000</u>	1,164,324

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.

Decrease (increase) in compensated absences	\$ (12,577)	
Decrease (increase) in accrued interest payable	(4,019)	
Amortization of bond premium	<u>40,370</u>	23,774

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.		28,875
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Change in net position of governmental activities		<u><u>\$ (758,159)</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Alleghany, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,242,298	\$ 260,513
Accounts receivable, net of allowance for uncollectibles	481,852	78,404
Inventories	13,898	-
Total current assets	<u>\$ 2,738,048</u>	<u>\$ 338,917</u>
Noncurrent assets:		
Restricted cash and cash equivalents:		
Customers deposits	\$ 39,575	\$ -
Debt service reserves	326,989	-
Total restricted assets	<u>\$ 366,564</u>	<u>\$ -</u>
Capital assets:		
Infrastructure and equipment	\$ 50,828,068	\$ -
Accumulated depreciation	(9,836,135)	-
Machinery and equipment	561,344	-
Accumulated depreciation	(216,259)	-
Construction in progress	174,957	-
Total capital assets	<u>\$ 41,511,975</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 41,878,539</u>	<u>\$ -</u>
Total assets	<u>\$ 44,616,587</u>	<u>\$ 338,917</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 288,662	\$ -
Payroll liabilities	34,934	-
Customers' deposits	39,575	-
Accrued interest payable	13,933	-
Compensated absences - current portion	62,336	-
Bonds payable - current portion	569,020	-
Total current liabilities	<u>\$ 1,008,460</u>	<u>\$ -</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 20,779	\$ -
Bonds payable - net of current portion	10,006,562	-
Total noncurrent liabilities	<u>\$ 10,027,341</u>	<u>\$ -</u>
Total liabilities	<u>\$ 11,035,801</u>	<u>\$ -</u>
NET POSITION		
Net Investment in capital assets	\$ 30,936,393	\$ -
Restricted for debt service	326,989	-
Restricted for health claims	-	338,917
Unrestricted	2,317,404	-
Total net position	<u>\$ 33,580,786</u>	<u>\$ 338,917</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, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services:		
Water revenues (serves as security for revenue bonds)	\$ 1,875,659	\$ -
Sewer revenues (serves as security for revenue bonds)	2,334,345	-
Penalty	41,885	-
Other revenues	-	28,242
Miscellaneous	41,465	-
Total operating revenues	<u>\$ 4,293,354</u>	<u>\$ 28,242</u>
OPERATING EXPENSES		
Salaries and wages	\$ 583,547	\$ -
Fringe benefits	285,367	-
Professional services	603,397	-
Utilities	302,090	-
Materials and supplies	488,998	-
Insurance	33,616	-
Travel	3,568	-
Dues and memberships	445	-
Permits	19,615	-
Rentals and leases	3,377	-
Repairs and maintenance	170,066	-
Purchased services	1,185,723	-
Depreciation	982,580	-
Total operating expenses	<u>\$ 4,662,389</u>	<u>\$ -</u>
Operating income (loss)	<u>\$ (369,035)</u>	<u>\$ 28,242</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 13,427	\$ 633
Loss on disposal of assets	(82,791)	-
Connection fees	12,720	-
Interest expense	(91,944)	-
Total nonoperating revenues (expenses)	<u>\$ (148,588)</u>	<u>\$ 633</u>
Income before contributions	\$ (517,623)	\$ 28,875
Capital contributions and construction grants	<u>10,560</u>	<u>-</u>
Change in net position	\$ (507,063)	\$ 28,875
Total net position - beginning	34,087,849	310,042
Total net position - ending	<u><u>\$ 33,580,786</u></u>	<u><u>\$ 338,917</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, 2014

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,344,225	\$ -
Payments to suppliers	(2,798,394)	-
Payments to and for employees	(838,530)	-
Net cash provided by (used for) operating activities	<u>\$ 707,301</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	\$ (187,623)	\$ -
Principal payments on bonds	(561,850)	-
Connection fees	12,720	-
Contributions in aid of construction	10,560	-
Interest expense	(94,733)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (820,926)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 13,427	\$ 633
Net cash provided by (used for) investing activities	<u>\$ 13,427</u>	<u>\$ 633</u>
Net increase (decrease) in cash and cash equivalents	\$ (100,198)	\$ 633
Cash and cash equivalents - beginning - including restricted of \$27,431	2,709,060	259,880
Cash and cash equivalents - ending - including restricted of \$366,564	<u>\$ 2,608,862</u>	<u>\$ 260,513</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (369,035)	\$ 28,242
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 982,580	\$ -
(Increase) decrease in accounts receivable	38,727	(28,242)
(Increase) decrease in inventories	(13,898)	-
Increase (decrease) in customer deposits	12,144	-
Increase (decrease) in operating accounts payable	26,399	-
Increase (decrease) in compensated absences	18,839	-
Increase (decrease) in payroll liabilities	11,545	-
Total adjustments	<u>\$ 1,076,336</u>	<u>\$ (28,242)</u>
Net cash provided by (used for) operating activities	<u>\$ 707,301</u>	<u>\$ -</u>

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

County of Alleghany, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 450,951
Receivables:	
Accounts receivable	2,000
Amounts due from Alleghany Highlands Economic Development Corporation	4,616
Total assets	<u>\$ 457,567</u>
LIABILITIES	
Accounts payable	\$ 9,696
Amounts held for social services clients	137
Amounts held for Friends of Youth	3,431
Amounts held for Human and Leisure Activity	785
Amounts held for Jackson River Vocational Center	275,278
Amounts held for United Fire and Rescue Association	163,109
Amounts held for Humane Society	5,131
Total liabilities	<u>\$ 457,567</u>

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 units, entities for which the government is considered to be financially accountable. Blended component unit, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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

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

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

Jointly Governed Organizations - None

B. Government-wide and fund financial statements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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

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

2. Receivables and Payables

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

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

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$146,655 at June 30, 2014 and is comprised of \$64,531 in property taxes and \$82,124 in water and sewer billings.

5. Use of Estimates

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

6. Inventories

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

7. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

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

7. Capital Assets (Continued)

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

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

8. Compensated Absences

Vested or accumulated vacation, sick, and holiday pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive benefits. All vacation, sick, and holiday pay is accrued when incurred in the government-wide and proprietary fund financial statements to the extent of amounts that are paid out to employees upon termination.

9. 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)

10. Fund Equity

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources reported in a governmental fund. The County of Alleghany, Virginia reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable -items that cannot be spent because they are not in spendable form (such as prepaid items and inventory) or are required to be maintained intact (corpus of a permanent fund);

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

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

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

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

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

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

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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)

11. Net Position

Net position is the difference between a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

12. 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.

13. 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 does not have any deferred outflows of resources as of June 30, 2014.

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 only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. 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.

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 (except the School Operating Fund). 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).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the County's accounting system.

B. Deficit fund equity

At June 30, 2014, there were no funds with deficit fund equity.

C. Excess of expenditures over appropriations

Certain departments had expenditures exceeding appropriations for the year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

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, 2014 were rated by Standard and Poor’s and/or and equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	
LGIP	\$	1,364

External Investment Pools

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

Interest Rate Risk

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

Custodial Credit Risk

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 4-Due from Other Governmental Units:**

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

	Primary Government	Component Unit School Board
<u>Commonwealth of Virginia:</u>		
Local sales tax	\$ 138,284	\$ -
State sales tax	403,976	-
Categorical aid, shared expenses	254,475	-
Other categorical aid	14,321	-
Non-categorical aid	79,699	-
Virginia public assistance funds	41,407	-
Community Services Authority	348,295	-
<u>Federal government:</u>		
Virginia public assistance funds	95,759	-
Categorical aid	3,270	481,027
	<u>\$ 1,379,486</u>	<u>\$ 481,027</u>

Note 5-Component-Unit Obligations and Contributions:

The following balances represent amounts due between the primary government and its component unit as of June 30, 2014:

Fund	Payable	Receivable
Primary Government:		
General Fund	\$ 2,020,130	\$ -
Component Unit - School Board:		
School Fund	-	2,020,130
Totals	<u>\$ 2,020,130</u>	<u>\$ 2,020,130</u>

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

Component Unit:	
School Board	\$ 13,525,011

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 6-Long-Term Obligations:****Primary Government - Governmental Activities Obligations:**

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

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General obligation bonds	\$ 7,263,313	\$ -	\$ (414,324)	\$ 6,848,989
Plus: Premium on issuance	231,725	-	(40,370)	191,355
Literary loans	6,750,000	-	(750,000)	6,000,000
Compensated absences	363,838	285,455	(272,879)	376,415
Total	\$ 14,608,876	\$ 285,455	\$ (1,477,573)	\$ 13,416,759

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

Year Ending June 30,	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2015	\$ 772,995	\$ 289,972	\$ 750,000	\$ 120,000
2016	801,856	257,182	750,000	105,000
2017	835,915	221,221	750,000	90,000
2018	864,457	182,757	750,000	75,000
2019	902,546	143,373	750,000	60,000
2020-2024	2,032,053	322,591	2,250,000	90,000
2025-2029	618,203	42,360	-	-
2030-2032	20,964	315	-	-
Totals	\$ 6,848,989	\$ 1,459,771	\$ 6,000,000	\$ 540,000

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COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds:		
\$5,000,000 General Obligation Bond (Alleghany Highlands School Project) issued March 20, 2001 bearing interest at a rate of 5.60% payable semi-annually on July 15 and January 15 through 2021. Principal payments are due annually in installments varying from \$140,000 to \$405,000.	\$ 2,640,000	\$ 275,000
\$3,205,141 General Obligation Bond bearing interest at a rate between 4.225% and 5.1% payable semi-annually on July 15 and January 15 through 2026. Principal payments are due annually in installments varying from \$122,176 to \$197,459.	2,247,640	150,828
\$1,825,000 General Obligation Bond bearing interest at a rate between 3.05% and 4.05% payable semi-annually on January 15 and July 15 through 2018. Principal payments are due annually in installments varying from \$340,000 to \$395,000.	1,825,000	340,000
\$217,000 Virginia Resource Authority bond issued November 28, 2000 for the construction of a water tank at Boiling Springs Elementary School. The bond bears interest at a rate of 1.00% payable in annual principal and interest installments of \$8,367 beginning January 1, 2003 through January 1, 2032.	<u>136,349</u>	<u>7,167</u>
Total General Obligation Bonds	<u>\$ 6,848,989</u>	<u>\$ 772,995</u>
Literary Loans:		
\$7,500,000 State Literary Loan issued January 15, 2002 due in annual principal installments of \$375,000 through December 1, 2022 with interest payable at 2.00%.	\$ 3,000,000	\$ 375,000
\$7,500,000 State Literary Loan issued January 15, 2002 due in annual principal installments of \$375,000 through December 1, 2022 with interest payable at 2.00%.	<u>3,000,000</u>	<u>375,000</u>
Total Literary Loans	<u>\$ 6,000,000</u>	<u>\$ 750,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 6-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Obligations: (Continued)**

Details of long-term obligations: (Continued)

	Amount Due	Amount Due Within One Year
Other Obligations (liquidated in the General Fund)		
Compensated Absences	\$ 376,415	\$ 282,311
Unamortized Premium on Issuance	191,355	-
Total Other Obligations	\$ 567,770	\$ 282,311
Total Long-term Obligations	\$ 13,416,759	\$ 1,805,306

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, 2014.

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
Revenue bonds	\$ 11,137,432	\$ -	\$ (561,850)	\$ 10,575,582
Compensated absences	64,276	67,046	(48,207)	83,115
Total	\$ 11,201,708	\$ 67,046	\$ (610,057)	\$ 10,658,697

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)**Primary Government - Business-type Activities:** (Continued)

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

Year Ending June 30,	Revenue Bonds	
	Principal	Interest
2015	\$ 569,020	\$ 91,078
2016	571,118	88,980
2017	573,279	86,819
2018	575,505	84,593
2019	577,796	82,302
2020-2024	2,614,636	374,658
2025-2029	2,319,156	309,757
2030-2034	1,162,759	243,830
2035-2040	569,003	167,258
2041-2044	483,062	93,243
2045-2049	437,254	39,326
2050-2051	122,994	1,944
Totals	<u>\$ 10,575,582</u>	<u>\$ 1,663,788</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 6-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities: (Continued)**

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue Bonds:		
\$463,000 Rural Development Bond issued February 13, 2001, bearing interest at 4.50%. Monthly principal and interest payments of \$2,126 begin on August 6, 2002 and continue through 2039.	\$ 368,981	\$ 8,446
 \$2,153,232 Water and Sewer System Revenue Bond issued December 17, 1999 with semi-annual installments on February 1 and August 1 in the amount of \$51,866 through February 1, 2021. This is a non-interest bearing loan.	 726,122	 103,732
 \$2,429,000 Rural Development Bond issued November 9, 2010, at an interest rate of 2.25% with interest only payments due November 9, 2011 and 2012 and principal and interest payments of \$7,943 due monthly starting December 9, 2012 and continuing until October 9, 2050.	 2,363,315	 42,574
 \$4,385,649 interest free Virginia Resource Authority Bond issued in 2011 with semi-annual principal payments of \$109,641 beginning August 1, 2012 and continuing until August 1, 2019.	 3,947,084	 219,282
 \$563,500 Virginia Resource Authority Bond issued in 2012, bearing interest at 3.00%. Semi-annual principal and interest payments of \$14,459 beginning January 2014 and continuing until July 2043.	 541,542	 12,286

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 6-Long-Term Obligations: (Continued)****Primary Government - Enterprise Activity Obligations: (Continued)**

Details of long-term obligations: (Continued)

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Revenue Bonds (Continued)		
\$248,548 Revenue Bond issued February 1, 2005, at an interest rate of 3.00%, with principal and interest payments of \$8,514 due every February 1 and August 1 beginning February 1, 2006 until February 1, 2032.	\$ 157,611	\$ 12,291
\$5,887,182 interest free Virginia Resource Authority bond issued in 2007 with semi-annual principal payments of \$85,204 due until September 1, 2028.	<u>2,470,927</u>	<u>170,409</u>
Total Revenue Bonds	<u>\$ 10,575,582</u>	<u>\$ 569,020</u>
Other Obligations: (liquidated in the Water and Sewer Fund)		
Compensated Absences	<u>\$ 83,115</u>	<u>\$ 62,336</u>
Total Long-term Obligations	<u>\$ 10,658,697</u>	<u>\$ 631,356</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

The following is a summary of long-term obligation transactions of the Component-Unit School Board for the year ended June 30, 2014.

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Net OPEB obligation	\$ 423,245	\$ 126,364	\$ (78,600)	\$ 471,009
Compensated absences	165,746	134,557	(124,310)	175,993
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 588,991	\$ 260,921	\$ (202,910)	\$ 647,002
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Details of long-term obligations:

	<u>Total</u> <u>Amount</u>	<u>Amount Due</u> <u>Within One Year</u>
<u>Other Obligations: (liquidated in School Operating Fund)</u>		
Net OPEB obligation	\$ 471,009	\$ -
Compensated absences	175,993	131,995
	<u> </u>	<u> </u>
Total Long-Term Obligations	\$ 647,002	\$ 131,995
	<u> </u>	<u> </u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan:

A. Plan Description

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

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

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

VRS – PLAN 1

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

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

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

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

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

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

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

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

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

10. **Normal Retirement Age** - Age 65.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

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

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

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

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

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

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

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

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

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

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

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

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

VRS – PLAN 2

- 1. Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 3. Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

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

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
12. **Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
13. **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
14. **Eligibility** - Same as VRS Plan 1–Refer to Section 14.
15. **Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 2 (Continued)

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

- 17. Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

HYBRID RETIREMENT PLAN

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*
- School division employees
- Political subdivision employees*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

5. Creditable Service

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

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

6. Vesting

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

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

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

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

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

Distribution is not required by law until age 70½.

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

7. Calculating the Benefit

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

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

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

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

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

10. Normal Retirement Age

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

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

11. Earliest Unreduced Retirement Eligibility

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

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

12. Earliest Reduced Retirement Eligibility

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

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

Note 8-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

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

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

Defined Contribution Component - Not Applicable.

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

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

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

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

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

17. Purchase of Prior Service

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

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 8-Pension Plan: (Continued)****B. Funding Policy**

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County's and School Board's contribution rates for the fiscal year ended 2014 were 15.00% and 9.33% of annual covered payroll, respectively.

The School Board's contributions for professional employees were \$1,434,698, \$1,532,448, and \$832,414, to the teacher cost-sharing pool for the fiscal years ended June 30, 2014, 2013, and 2012, respectively and these contributions represented 11.66%, 11.66%, and 6.33% for 2014, 2013, and 2012, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2014, the County's annual pension cost of \$1,040,919 and \$167,955 was equal to the County's and School Board's required and actual contributions for the County and the School Board Non-Professionals, respectively.

Three-Year Trend Information				
	Fiscal Year Ending	Annual Pension Cost (APC) ¹	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
County	6/30/2014	\$ 1,040,919	100.00%	\$ -
	6/30/2013	1,016,679	100.00%	-
	6/30/2012	753,692	100.00%	-
Discretely Presented-Component Unit:				
School Board Non-Professional	6/30/2014	\$ 167,955	100.00%	\$ -
	6/30/2013	179,313	100.00%	-
	6/30/2012	102,371	100.00%	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Pension Plan: (Continued)

C. Annual Pension Cost (Continued)

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

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 69.85% funded. The actuarial accrued liability for benefits was \$32,637,952, and the actuarial value of assets was \$22,798,973, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,838,979. The covered payroll (annual payroll of active employees covered by the plan) was \$6,812,991 and ratio of the UAAL to the covered payroll was 144.41%.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's plan was 85.77% funded. The actuarial accrued liability for benefits was \$9,648,131 and the actuarial value of assets was \$8,275,680, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,372,451. The covered payroll (annual payroll of active employees covered by the plan) was \$1,903,193 and ratio of the UAAL to the covered payroll was 72.11%.

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

Note 9-Other Postemployment Benefits - Health Insurance:

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

Note 9-Other Postemployment Benefits - Health Insurance: (Continued)Component Unit: School Board**A. Plan Description**

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

B. Funding Policy

The School Board currently pays for post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 436 employees that are eligible for the program. In addition, for retirees of the School Board, 100 percent of premiums are the responsibility of the retiree. The School Board health insurance rates are blended for retirees and active employees. As such, the liability arising from this plan represents an "implicit subsidy" of retirees' rates. The monthly rates for 2013 were as follows:

Participants	KA Expanded Premium	KA-1000 Premium
Single	\$ 587	\$ 470
Dual	1,086	970
Family	1,585	1,269

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 9-Other Postemployment Benefits - Health Insurance: (Continued)****Component Unit: School Board (Continued)****C. Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 127,200
Interest on net OPEB obligation	14,814
Adjustment to annual required contribution	(15,650)
Annual OPEB cost (expense)	126,364
Contributions made	(78,600)
Increase in net OPEB obligation	47,764
Net OPEB obligation - beginning of year	423,245
Net OPEB obligation - ending of year	\$ 471,009

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 126,364	62%	\$ 471,009
6/30/2013	123,970	63%	423,245
6/30/2012	157,545	56%	377,795

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2013 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 1,531,600
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 1,531,600
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 15,373,600
UAAL as a percentage of covered payroll	9.96%

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

Component Unit: School Board (Continued)

D. Funded Status and Funding Progress (Continued)

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

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

E. Actuarial methods and Assumptions

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

In the most recent actuarial valuation, dated June 30, 2013, the projected unit of credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 3.00%, an investment rate of return at 3.50%, and a health care trend rate of 7.00% graded to 4.80% over 70 years. The UAAL is being amortized over 30 years as a level percentage of payroll on an open basis.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 10-Capital Assets:**

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

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,547,019	\$ -	\$ -	\$ 3,547,019
Construction in progress	378,146	1,623,654	-	2,001,800
Total capital assets not being depreciated	<u>\$ 3,925,165</u>	<u>\$ 1,623,654</u>	<u>\$ -</u>	<u>\$ 5,548,819</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 35,826,347	\$ 87,448	\$ -	\$ 35,913,795
Machinery and equipment	4,888,990	263,244	(270,091)	4,882,143
Total capital assets being depreciated	<u>\$ 40,715,337</u>	<u>\$ 350,692</u>	<u>\$ (270,091)</u>	<u>\$ 40,795,938</u>
Accumulated depreciation:				
Buildings and improvements	\$ (12,268,199)	\$ (1,033,262)	\$ -	\$ (13,301,461)
Machinery and equipment	(3,287,881)	(296,466)	258,269	(3,326,078)
Total accumulated depreciation	<u>\$ (15,556,080)</u>	<u>\$ (1,329,728)</u>	<u>\$ 258,269</u>	<u>\$ (16,627,539)</u>
Total capital assets being depreciated, net	<u>\$ 25,159,257</u>	<u>\$ (979,036)</u>	<u>\$ (11,822)</u>	<u>\$ 24,168,399</u>
Governmental activities capital assets, net	<u>\$ 29,084,422</u>	<u>\$ 644,618</u>	<u>\$ (11,822)</u>	<u>\$ 29,717,218</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 10-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:				
Construction in progress	\$ 75,630	\$ 165,900	\$ (66,573)	\$ 174,957
Total capital assets not being depreciated	<u>\$ 75,630</u>	<u>\$ 165,900</u>	<u>\$ (66,573)</u>	<u>\$ 174,957</u>
Capital assets, being depreciated:				
Infrastructure	\$ 50,995,394	\$ 5,464	\$ (172,790)	\$ 50,828,068
Machinery and equipment	500,843	82,832	(22,331)	561,344
Total capital assets being depreciated	<u>\$ 51,496,237</u>	<u>\$ 88,296</u>	<u>\$ (195,121)</u>	<u>\$ 51,389,412</u>
Accumulated depreciation:				
Infrastructure	\$ (8,961,452)	\$ (964,682)	\$ 89,999	\$ (9,836,135)
Machinery and equipment	(220,692)	(17,898)	22,331	(216,259)
Total accumulated depreciation	<u>\$ (9,182,144)</u>	<u>\$ (982,580)</u>	<u>\$ 112,330</u>	<u>\$ (10,052,394)</u>
Total capital assets being depreciated, net	<u>\$ 42,314,093</u>	<u>\$ (894,284)</u>	<u>\$ (82,791)</u>	<u>\$ 41,337,018</u>
Business-type activities capital assets, net	<u>\$ 42,389,723</u>	<u>\$ (728,384)</u>	<u>\$ (149,364)</u>	<u>\$ 41,511,975</u>

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

Governmental activities:

General government administration	\$ 355,413
Judicial administration	11,068
Public safety	185,119
Public works	98,407
Health and welfare	5,383
Education	647,960
Parks, recreation, and culture	24,379
Community development	1,999

Total depreciation expense-governmental activities	<u>\$ 1,329,728</u>
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Business-type activities:

Water and sewer fund	<u>\$ 982,580</u>
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Total depreciation expense-primary government	<u>\$ 2,312,308</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 10-Capital Assets: (Continued)**

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

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,001,152	\$ -	\$ -	\$ 1,001,152
Construction in progress	-	2,956,691	-	2,956,691
Total capital assets not being depreciated	\$ 1,001,152	\$ 2,956,691	\$ -	\$ 3,957,843
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,617,201	\$ -	\$ -	\$ 13,617,201
Machinery and equipment	4,371,263	408,230	-	4,779,493
Total capital assets being depreciated	\$ 17,988,464	\$ 408,230	\$ -	\$ 18,396,694
Accumulated depreciation:				
Buildings and improvements	\$ (8,245,375)	\$ (395,962)	\$ -	\$ (8,641,337)
Machinery and equipment	(2,864,751)	(275,004)	-	(3,139,755)
Total accumulated depreciation	\$ (11,110,126)	\$ (670,966)	\$ -	\$ (11,781,092)
Total capital assets being depreciated, net	\$ 6,878,338	\$ (262,736)	\$ -	\$ 6,615,602
Governmental activities capital assets, net	\$ 7,879,490	\$ 2,693,955	\$ -	\$ 10,573,445

Note 11-Risk Management:

The County and its component unit - School Board are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County and its component unit - School Board participate with other localities in a public entity risk pool for their coverage of general liability and public officials liability with the Virginia Association of Counties group self insurance risk pool and VaCoRP. Each member of each of these risk pools jointly and severally agrees to assume, pay and discharge any liability. The County and its component unit - School Board pay VACO and VaCoRP contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pools, claims and awards are to be paid. In the event of a loss deficit or depletion of all available excess insurance, the pools may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The County and its component unit - School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12-Contingencies:

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The County provides sewage treatment services to the Town of Clifton Forge and currently shows a balance due from the Town on June 30, 2014 of \$816,961. The Town has refrained from payment of same due to a dispute over the charges. It is unclear and cannot be reasonably estimated how much (if any) will be paid by the Town. As such, the County has not recorded a receivable from the Town in the accompanying financial statements for same.

In a similar manner, the Town of Clifton Forge current shows a balance due from the County on June 30, 2014 of \$76,996 for water service provided to the County. The County has refrained from payment of same due to a dispute over the charges. It is unclear and cannot be reasonably estimated how much (if any) will be paid by the County. As such, the County has not recorded a payable to the Town in the accompanying financial statements for same.

The County provides certain shared services to the City of Covington, Virginia. At year end, the County believes approximately \$460,000 is due to the County from this City in accordance with the shared services agreement. The County has refrained from recording a receivable for this amount as it cannot be reasonably estimated how much (if any) of this amount will be received.

Note 13-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland - Surety:

Debra N. Byer, Clerk of the Circuit Court	\$ 103,000
Wanda Simpson, Treasurer	400,000
Valerie Bruffey, Commissioner of the Revenue	3,000
Kevin Hall, Sheriff	30,000
All Constitutional Office employees: blanket bond	50,000
Additional Treasurer's Office bond	100,000
All Social Services employees: blanket bond	100,000

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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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 14-Litigation:**

At June 30, 2014, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 15-Self Health Insurance:

In previous years, the County of Alleghany, Virginia established a limited risk management program for health insurance. Premiums were paid into the health plan fund from the County and were available to pay claims and administrative costs of the program. The program was terminated on July 1, 2012. In accordance with the agreement, funds were held by the County's third-party administrator for two years from the termination date to cover the cost of any lingering claims. No claims payments were made during fiscal year 2014. In August 2014, the third party administrator remitted \$78,404 as the escrow account was closed. Accordingly, this amount is reflected as a receivable at June 30, 2014. Changes in the claims liability (receivable) for the current and prior two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability (Receivable) at End of Fiscal Year</u>
2013-14	\$ (50,162)	\$ (28,242)	-	\$ (78,404)
2012-13	196,309	(123,180)	(123,291)	(50,162)
2011-12	166,910	2,193,740	(2,164,341)	196,309

Note 16-New Accounting Standards:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 will require governments with defined benefit pension plans to disclose a "net pension liability" on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. This standard will be effective for the fiscal year ending June 30, 2015. The County believes the implementation of Statement No. 68 will significantly impact the County and Component Unit School Board's net position; however, no formal study or estimate of the impact of this standard has been performed.

Required Supplementary Information

County of Alleghany, Virginia
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 16,437,974	\$ 16,437,974	\$ 15,148,553	\$ (1,289,421)
Other local taxes	2,451,735	2,451,735	2,554,418	102,683
Permits, privilege fees, and regulatory licenses	28,909	28,909	28,178	(731)
Fines and forfeitures	41,300	41,300	59,214	17,914
Revenue from the use of money and property	45,765	45,765	67,689	21,924
Charges for services	559,458	559,458	488,186	(71,272)
Miscellaneous	93,091	93,091	164,087	70,996
Recovered costs	1,794,727	1,794,727	1,525,187	(269,540)
Intergovernmental:				
Commonwealth	9,651,606	9,656,466	9,363,779	(292,687)
Federal	1,197,562	1,197,562	1,502,183	304,621
Total revenues	<u>\$ 32,302,127</u>	<u>\$ 32,306,987</u>	<u>\$ 30,901,474</u>	<u>\$ (1,405,513)</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,366,267	\$ 2,780,494	\$ 2,348,028	\$ 432,466
Judicial administration	1,583,940	1,621,912	1,561,280	60,632
Public safety	5,947,347	6,474,571	5,766,651	707,920
Public works	3,113,683	3,549,297	2,853,176	696,121
Health and welfare	4,338,265	4,578,133	4,145,168	432,965
Education	12,058,812	12,058,812	13,534,241	(1,475,429)
Parks, recreation, and cultural	784,116	1,088,899	766,086	322,813
Community development	1,149,678	1,475,571	504,569	971,002
Nondepartmental	206,010	1,316,598	137,782	1,178,816
Capital projects	294,000	2,353,388	349,368	2,004,020
Debt service:				
Principal retirement	1,155,313	1,164,324	1,164,324	-
Interest and other fiscal charges	431,250	431,250	431,250	-
Total expenditures	<u>\$ 33,428,681</u>	<u>\$ 38,893,249</u>	<u>\$ 33,561,923</u>	<u>\$ 5,331,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,126,554)</u>	<u>\$ (6,586,262)</u>	<u>\$ (2,660,449)</u>	<u>\$ 3,925,813</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 4,137	\$ 4,137	\$ -	\$ (4,137)
Total other financing sources (uses)	<u>\$ 4,137</u>	<u>\$ 4,137</u>	<u>\$ -</u>	<u>\$ (4,137)</u>
Net change in fund balances	\$ (1,122,417)	\$ (6,582,125)	\$ (2,660,449)	\$ 3,921,676
Fund balances - beginning	1,122,417	6,582,125	12,177,210	5,595,085
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,516,761</u>	<u>\$ 9,516,761</u>

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, 2014

	Special Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 200	\$ 200	\$ 919	\$ 719
Miscellaneous	37,800	37,800	39,067	1,267
Total revenues	\$ 38,000	\$ 38,000	\$ 39,986	\$ 1,986
EXPENDITURES				
Current:				
Public safety	\$ 38,000	\$ 51,210	\$ 25,423	\$ 25,787
Total expenditures	\$ 38,000	\$ 51,210	\$ 25,423	\$ 25,787
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (13,210)	\$ 14,563	\$ 27,773
OTHER FINANCING SOURCES (USES)				
Net change in fund balances	\$ -	\$ (13,210)	\$ 14,563	\$ 27,773
Fund balances - beginning	-	13,210	169,368	156,158
Fund balances - ending	\$ -	\$ -	\$ 183,931	\$ 183,931

County of Alleghany, Virginia

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

Primary Government: County Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ 22,798,973	\$ 32,637,952	\$ 9,838,979	69.85%	\$ 6,812,991	144.41%
June 30, 2012	21,902,749	32,021,808	10,119,059	68.40%	6,520,088	155.20%
June 30, 2011	21,909,233	30,692,223	8,782,990	71.38%	6,274,929	139.97%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ 8,275,680	\$ 9,648,131	\$ 1,372,451	85.77%	\$ 1,903,193	72.11%
June 30, 2012	8,129,705	9,699,265	1,569,560	83.82%	1,861,577	84.31%
June 30, 2011	8,292,640	9,375,448	1,082,808	88.45%	1,893,559	57.18%

School Board Retirees Medical Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 2013	\$ -	\$ 1,531,600	\$ 1,531,600	0.00%	\$ 15,373,600	9.96%
June 30, 2011	-	1,588,200	1,588,200	0.00%	15,818,400	10.04%
June 30, 2009	-	1,531,000	1,531,000	0.00%	17,181,200	8.91%

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.

County of Alleghany, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Agency Funds						Alleghany Highlands Economic Development Corporation		Total	
		Friends of Youth	Human & Leisure Service	Humane Society Capital Improvements	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association				
ASSETS		\$ 3,431	\$ 785	\$ 5,131	\$ 275,278	\$ 137	\$ 163,109	\$ 3,080	\$ 450,951		
Cash and cash equivalents											
Receivables:											
Accounts receivable		-	-	-	-	-	-	2,000	2,000		
Amounts due from Alleghany Highlands Economic Development Corporation		-	-	-	-	-	-	4,616	4,616		
Total assets		\$ 3,431	\$ 785	\$ 5,131	\$ 275,278	\$ 137	\$ 163,109	\$ 9,696	\$ 457,567		
LIABILITIES		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,696	\$ 9,696		
Accounts payable		-	-	-	-	137	-	-	-		
Amounts held for social services clients		3,431	-	-	-	-	-	-	-		
Amounts held for Friends of Youth		-	785	-	-	-	-	-	-		
Amounts held for Human and Leisure Activity		-	-	-	275,278	-	-	-	-		
Amounts held for Jackson River Vocational Center		-	-	-	-	-	-	-	-		
Amounts held for United Fire and Rescue Association		-	-	-	-	-	163,109	-	-		
Amounts held for Humane Society		-	-	5,131	-	-	-	-	-		
Total liabilities		\$ 3,431	\$ 785	\$ 5,131	\$ 275,278	\$ 137	\$ 163,109	\$ 9,696	\$ 457,567		

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, 2014

	School Operating <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,448,702	\$ 162,690	\$ 2,611,392
Cash in custody of others	401,937	-	401,937
Receivables (net of allowance for uncollectibles):			
Accounts receivable	168,893	28,727	197,620
Due from other funds	-	20,337	20,337
Due from primary government	2,020,130	-	2,020,130
Due from other governmental units	481,027	-	481,027
Inventories	13,513	-	13,513
Prepaid items	357,169	-	357,169
Total assets	<u>\$ 5,891,371</u>	<u>\$ 211,754</u>	<u>\$ 6,103,125</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 286,560	\$ 3,271	\$ 289,831
Accrued liabilities	2,024,590	25,852	2,050,442
Due to other funds	20,337	-	20,337
Total liabilities	<u>\$ 2,331,487</u>	<u>\$ 29,123</u>	<u>\$ 2,360,610</u>
Fund balance:			
Nonspendable	\$ 370,682	-	\$ 370,682
Restricted for the school food program	401,937	-	401,937
Committed	2,787,265	182,631	2,969,896
Total fund balances	<u>\$ 3,559,884</u>	<u>\$ 182,631</u>	<u>\$ 3,742,515</u>
Total liabilities and fund balances	<u>\$ 5,891,371</u>	<u>\$ 211,754</u>	<u>\$ 6,103,125</u>

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

Total fund balances per above	\$ 3,742,515
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,001,152	
Buildings and improvements	4,975,864	
Machinery and equipment	1,639,738	
Construction in progress	<u>2,956,691</u>	10,573,445

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (175,993)	
Net OPEB obligation	<u>(471,009)</u>	(647,002)

Net position of governmental activities	<u>\$ 13,668,958</u>
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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, 2014

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 4,344	\$ -	\$ 4,344
Charges for services	452,344	100,378	552,722
Miscellaneous	261,588	243,572	505,160
Recovered costs	275,506	-	275,506
Intergovernmental:			
Local government	13,525,011	-	13,525,011
Commonwealth	12,417,520	71,402	12,488,922
Federal	2,018,284	-	2,018,284
Total revenues	<u>\$ 28,954,597</u>	<u>\$ 415,352</u>	<u>\$ 29,369,949</u>
EXPENDITURES			
Current:			
Education	\$ 26,321,840	\$ 426,650	\$ 26,748,490
Capital projects	4,624,911	-	4,624,911
Total expenditures	<u>\$ 30,946,751</u>	<u>\$ 426,650</u>	<u>\$ 31,373,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,992,154)</u>	<u>\$ (11,298)</u>	<u>\$ (2,003,452)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	\$ 13,104	\$ -	\$ 13,104
Total other financing sources (uses)	<u>\$ 13,104</u>	<u>\$ -</u>	<u>\$ 13,104</u>
Net change in fund balances	\$ (1,979,050)	\$ (11,298)	\$ (1,990,348)
Fund balances - beginning	5,538,934	193,929	5,732,863
Fund balances - ending	<u>\$ 3,559,884</u>	<u>\$ 182,631</u>	<u>\$ 3,742,515</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		\$	(1,990,348)
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		\$ 3,364,921	
Depreciation expense		<u>(670,966)</u>	2,693,955
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.			
Decrease (increase) in compensated absences		\$ (10,247)	
Decrease (increase) in net OPEB obligation		<u>(47,764)</u>	(58,011)
Change in net position of governmental activities		<u>\$</u>	<u>645,596</u>

County of Alleghany, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2014

	School Operating Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,612	\$ 4,612	\$ 4,344	\$ (268)
Charges for services	481,580	481,580	452,344	(29,236)
Miscellaneous	163,555	163,555	261,588	98,033
Recovered costs	130,602	130,602	275,506	144,904
Intergovernmental revenues:				
Local government	12,049,582	16,671,382	13,525,011	(3,146,371)
Commonwealth	13,300,249	13,300,249	12,417,520	(882,729)
Federal	1,926,168	1,926,168	2,018,284	92,116
Total revenues	\$ 28,056,348	\$ 32,678,148	\$ 28,954,597	\$ (3,723,551)
EXPENDITURES				
Current:				
Education	\$ 28,207,593	\$ 28,207,593	\$ 26,321,840	\$ 1,885,753
Capital projects	410,000	5,031,800	4,624,911	406,889
Total expenditures	\$ 28,617,593	\$ 33,239,393	\$ 30,946,751	\$ 2,292,642
Excess (deficiency) of revenues over (under) expenditures	\$ (561,245)	\$ (561,245)	\$ (1,992,154)	\$ (1,430,909)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 13,104	\$ 13,104
Total other financing sources and uses	\$ -	\$ -	\$ 13,104	\$ 13,104
Net change in fund balances	\$ (561,245)	\$ (561,245)	\$ (1,979,050)	\$ (1,417,805)
Fund balances - beginning	561,245	561,245	5,538,934	4,977,689
Fund balances - ending	\$ -	\$ -	\$ 3,559,884	\$ 3,559,884

County of Alleghany, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
June 30, 2014

	Alleghany Highlands <u>Fund</u>	Governor's School <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 57,232	\$ 105,458	\$ 162,690
Receivables (net of allowance for uncollectibles):			
Accounts receivable	28,727	-	28,727
Due from other funds	20,337	-	20,337
Total assets	<u>\$ 106,296</u>	<u>\$ 105,458</u>	<u>\$ 211,754</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accrued liabilities	\$ 25,852	\$ -	\$ 25,852
Accounts payable	1,726	1,545	3,271
Total liabilities	<u>\$ 27,578</u>	<u>\$ 1,545</u>	<u>\$ 29,123</u>
Fund balances:			
Committed	\$ 78,718	\$ 103,913	\$ 182,631
Total liabilities and fund balances	<u>\$ 106,296</u>	<u>\$ 105,458</u>	<u>\$ 211,754</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, 2014

	<u>Alleghany Highlands Fund</u>	<u>Governor's School Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ -	\$ 100,378	\$ 100,378
Miscellaneous	243,572	-	243,572
Intergovernmental:			
Commonwealth	-	71,402	71,402
Total revenues	<u>\$ 243,572</u>	<u>\$ 171,780</u>	<u>\$ 415,352</u>
EXPENDITURES			
Current:			
Education	<u>\$ 255,060</u>	<u>\$ 171,590</u>	<u>\$ 426,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (11,488)</u>	<u>\$ 190</u>	<u>\$ (11,298)</u>
Net change in fund balances	<u>\$ (11,488)</u>	<u>\$ 190</u>	<u>\$ (11,298)</u>
Fund balances - beginning	90,206	103,723	193,929
Fund balances - ending	<u><u>\$ 78,718</u></u>	<u><u>\$ 103,913</u></u>	<u><u>\$ 182,631</u></u>

Supporting Schedules

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

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:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,731,549	\$ 6,731,549	\$ 6,748,135	\$ 16,586
Real and personal public service corporation taxes	765,585	765,585	803,277	37,692
Personal property taxes	1,893,753	1,893,753	2,023,780	130,027
Mobile home taxes	31,037	31,037	25,048	(5,989)
Machinery and tools taxes	6,912,850	6,912,850	5,404,051	(1,508,799)
Penalties	73,200	73,200	99,435	26,235
Interest	30,000	30,000	44,827	14,827
Total general property taxes	<u>\$ 16,437,974</u>	<u>\$ 16,437,974</u>	<u>\$ 15,148,553</u>	<u>\$ (1,289,421)</u>
Other local taxes:				
Local sales and use taxes	\$ 762,762	\$ 762,762	\$ 766,096	\$ 3,334
Consumers' utility taxes	279,073	279,073	299,081	20,008
Probate taxes	2,900	2,900	2,661	(239)
Business license taxes	350,000	350,000	393,079	43,079
Utility consumption taxes	213,000	213,000	221,144	8,144
Motor vehicle licenses	250,000	250,000	306,987	56,987
Taxes on recordation and wills	54,000	54,000	61,289	7,289
Hotel and motel room taxes	200,000	200,000	183,947	(16,053)
Restaurant food taxes	340,000	340,000	320,134	(19,866)
Total other local taxes	<u>\$ 2,451,735</u>	<u>\$ 2,451,735</u>	<u>\$ 2,554,418</u>	<u>\$ 102,683</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 6,000	\$ 6,000	\$ 5,200	\$ (800)
Land use application fees	1,000	1,000	642	(358)
Transfer fees	480	480	559	79
Zoning and subdivision fees	2,329	2,329	1,807	(522)
Erosion and sediment control	1,000	1,000	397	(603)
Permits and other licenses	18,100	18,100	19,573	1,473
Total permits, privilege fees, and regulatory licenses	<u>\$ 28,909</u>	<u>\$ 28,909</u>	<u>\$ 28,178</u>	<u>\$ (731)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 41,300	\$ 41,300	\$ 59,214	\$ 17,914
Total fines and forfeitures	<u>\$ 41,300</u>	<u>\$ 41,300</u>	<u>\$ 59,214</u>	<u>\$ 17,914</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 40,765	\$ 40,765	\$ 61,074	\$ 20,309
Revenue from use of property	5,000	5,000	6,615	1,615
Total revenue from use of money and property	<u>\$ 45,765</u>	<u>\$ 45,765</u>	<u>\$ 67,689</u>	<u>\$ 21,924</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 10,324	\$ 10,324	\$ 10,324	\$ -
Charges for courthouse maintenance	18,000	18,000	13,201	(4,799)
Sale of publications and maps	50	50	17	(33)
Charges for gasoline	136,400	136,400	111,682	(24,718)
Charges for Commonwealth's Attorney	3,000	3,000	4,062	1,062
Miscellaneous jail and inmate fees	4,858	4,858	4,185	(673)
Charges for sanitation and waste removal	238,000	238,000	226,362	(11,638)
Charges for copies	3,100	3,100	2,987	(113)
Charges for parks and recreation	46,000	46,000	40,716	(5,284)
Charges for law library	4,500	4,500	4,427	(73)

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

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)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for courthouse security	\$ 87,398	\$ 87,398	\$ 66,909	\$ (20,489)
Charges for other services	7,828	7,828	3,314	(4,514)
Total charges for services	<u>\$ 559,458</u>	<u>\$ 559,458</u>	<u>\$ 488,186</u>	<u>\$ (71,272)</u>
Miscellaneous revenue:				
Miscellaneous	\$ 68,891	\$ 68,891	\$ 44,678	\$ (24,213)
Donations	20,000	20,000	19,030	(970)
Sale of surplus	2,700	2,700	5,127	2,427
Sale of supplies	1,500	1,500	850	(650)
Alleghany Foundation contributions	-	-	94,402	94,402
Total miscellaneous revenue	<u>\$ 93,091</u>	<u>\$ 93,091</u>	<u>\$ 164,087</u>	<u>\$ 70,996</u>
Recovered costs:				
Care of prisoners	\$ 148,706	\$ 148,706	\$ 143,980	\$ (4,726)
Co-payment for medical charges	12,000	12,000	8,510	(3,490)
Circuit court-joint operations	1,803	1,803	-	(1,803)
Program income IPR	1,300	1,300	651	(649)
LOA County reimbursement	25,952	25,952	16,689	(9,263)
Health department	1,500	1,500	1,500	-
Bath county-jail	64,000	64,000	100,974	36,974
Covington-magistrate, probation	4,625	4,625	2,616	(2,009)
Clifton Forge E911	79,000	79,000	64,310	(14,690)
Covington-welfare	588,450	588,450	388,248	(200,202)
AHSD resource officer	116,698	116,698	149,867	33,169
General government	731,455	731,455	627,753	(103,702)
General District Court postage	6,700	6,700	5,718	(982)
Other recovered costs	12,538	12,538	14,371	1,833
Total recovered costs	<u>\$ 1,794,727</u>	<u>\$ 1,794,727</u>	<u>\$ 1,525,187</u>	<u>\$ (269,540)</u>
Total revenue from local sources	<u>\$ 21,452,959</u>	<u>\$ 21,452,959</u>	<u>\$ 20,035,512</u>	<u>\$ (1,417,447)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 85,000	\$ 85,000	\$ 96,827	\$ 11,827
Mobile home titling tax	6,000	6,000	11,845	5,845
State recordation tax	1,700	1,700	19,268	17,568
Communication taxes	430,000	430,000	416,591	(13,409)
Additional tax on deeds	21,112	21,112	25,046	3,934
Personal property tax relief funds	1,610,808	1,610,808	1,610,808	-
Total noncategorical aid	<u>\$ 2,154,620</u>	<u>\$ 2,154,620</u>	<u>\$ 2,180,385</u>	<u>\$ 25,765</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 395,322	\$ 395,322	\$ 396,730	\$ 1,408
Sheriff	2,059,558	2,059,558	2,077,085	17,527
Commissioner of revenue	122,736	122,736	150,337	27,601
Treasurer	105,300	105,300	134,314	29,014
Registrar/electoral board	40,000	40,000	36,689	(3,311)
Clerk of the Circuit Court	298,761	298,761	364,475	65,714
Total shared expenses	<u>\$ 3,021,677</u>	<u>\$ 3,021,677</u>	<u>\$ 3,159,630</u>	<u>\$ 137,953</u>

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

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: (Continued)				
Other categorical aid:				
Welfare administration and public assistance	\$ 807,729	\$ 807,729	\$ 507,942	\$ (299,787)
Comprehensive services act	770,000	770,000	932,661	162,661
Wireless E-911 grant	40,000	40,000	46,535	6,535
Drug asset forfeiture revenue	45,778	50,638	14,699	(35,939)
Emergency medical services	23,800	23,800	17,232	(6,568)
IPR funds	1,900	1,900	1,759	(141)
Litter control grant	18,280	18,280	16,125	(2,155)
Fire services grant	35,000	35,000	35,974	974
State sales tax	2,474,522	2,474,522	2,374,694	(99,828)
Library Grant	-	-	15,115	15,115
Hold harmless reversion (actual distributed to shared expenses)	63,000	63,000	-	(63,000)
Criminal Justice Grant	-	-	4,125	4,125
VITA Grant	10,000	10,000	9,000	(1,000)
Stormwater grant	15,300	15,300	3,916	(11,384)
Forest service grant	-	-	33,293	33,293
Emergency preparedness grant	-	-	10,694	10,694
Other state grants	170,000	170,000	-	(170,000)
Total other categorical aid	<u>\$ 4,475,309</u>	<u>\$ 4,480,169</u>	<u>\$ 4,023,764</u>	<u>\$ (456,405)</u>
Total categorical aid	<u>\$ 7,496,986</u>	<u>\$ 7,501,846</u>	<u>\$ 7,183,394</u>	<u>\$ (318,452)</u>
Total revenue from the Commonwealth	<u>\$ 9,651,606</u>	<u>\$ 9,656,466</u>	<u>\$ 9,363,779</u>	<u>\$ (292,687)</u>
Revenue from the federal government:				
Payments in lieu of taxes	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 226,770</u>	<u>\$ 146,770</u>
Categorical aid:				
Welfare administration and public assistance	\$ 1,112,562	\$ 1,112,562	\$ 1,229,465	\$ 116,903
State and community highway safety (154 funds)	-	-	11,025	11,025
National Endowment for the Arts	5,000	5,000	5,000	-
Emergency Management Preparedness grant	-	-	19,098	19,098
Equitable Sharing Program	-	-	10,825	10,825
Total categorical aid	<u>\$ 1,117,562</u>	<u>\$ 1,117,562</u>	<u>\$ 1,275,413</u>	<u>\$ 157,851</u>
Total revenue from the federal government	<u>\$ 1,197,562</u>	<u>\$ 1,197,562</u>	<u>\$ 1,502,183</u>	<u>\$ 304,621</u>
Total General Fund	<u>\$ 32,302,127</u>	<u>\$ 32,306,987</u>	<u>\$ 30,901,474</u>	<u>\$ (1,405,513)</u>
Special Revenue Fund:				
Special Law Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 200	\$ 200	\$ 919	\$ 719
Total revenue from use of money and property	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 919</u>	<u>\$ 719</u>

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

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>
Special Revenue Fund: (Continued)				
Special Law Fund: (Continued)				
Miscellaneous revenue:				
Vending machine collections	\$ 31,000	\$ 31,000	\$ 29,106	\$ (1,894)
Jail commissary collections	6,700	6,700	9,961	3,261
Work release collections	100	100	-	(100)
Total miscellaneous revenue	\$ 37,800	\$ 37,800	\$ 39,067	\$ 1,267
Total revenue from local sources	\$ 38,000	\$ 38,000	\$ 39,986	\$ 1,986
Total Special Law Fund	\$ 38,000	\$ 38,000	\$ 39,986	\$ 1,986
Total Primary Government	\$ 32,340,127	\$ 32,344,987	\$ 30,941,460	\$ (1,403,527)
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	\$ 4,612	\$ 4,612	\$ 4,344	\$ (268)
Total revenue from use of money and property	\$ 4,612	\$ 4,612	\$ 4,344	\$ (268)
Charges for services:				
Charges for education	\$ 15,478	\$ 15,478	\$ 14,988	\$ (490)
Cafeteria sales	460,102	460,102	421,639	(38,463)
Use of buses and facilities	6,000	6,000	15,717	9,717
Total charges for services	\$ 481,580	\$ 481,580	\$ 452,344	\$ (29,236)
Miscellaneous revenue:				
Other miscellaneous	\$ 163,555	\$ 163,555	\$ 261,588	\$ 98,033
Total miscellaneous revenue	\$ 163,555	\$ 163,555	\$ 261,588	\$ 98,033
Recovered costs:				
Erate	\$ 69,990	\$ 69,990	\$ 242,810	\$ 172,820
Other recovered costs	60,612	60,612	32,696	(27,916)
Total recovered costs	\$ 130,602	\$ 130,602	\$ 275,506	\$ 144,904
Total revenue from local sources	\$ 780,349	\$ 780,349	\$ 993,782	\$ 213,433
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Alleghany, Virginia	\$ 12,049,582	\$ 16,671,382	\$ 13,525,011	\$ (3,146,371)
Total revenues from local governments	\$ 12,049,582	\$ 16,671,382	\$ 13,525,011	\$ (3,146,371)
Categorical aid:				
Basic school aid	\$ 8,303,000	\$ 8,303,000	\$ 7,891,473	\$ (411,527)
Remedial summer education	59,754	59,754	48,094	(11,660)
Regular foster care	89,195	89,195	50,290	(38,905)
GED prep program	7,859	7,859	9,739	1,880
Gifted and talented	88,407	88,407	84,348	(4,059)
Remedial education	267,144	267,144	254,877	(12,267)
Special education	1,078,185	1,078,185	1,028,675	(49,510)
Textbook payment	172,452	172,452	164,533	(7,919)

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Vocational standards of quality payments	\$ 203,721	\$ 203,721	\$ 194,366	\$ (9,355)
Social security fringe benefits	524,678	524,678	500,585	(24,093)
Retirement fringe benefits	876,386	876,386	836,142	(40,244)
Governor's school grant	102,792	102,792	-	(102,792)
Early reading intervention	33,669	33,669	67,339	33,670
School food	27,705	27,705	18,726	(8,979)
Special education - foster children	-	-	29,686	29,686
Homebound	25,636	25,636	20,763	(4,873)
At risk payments	242,169	242,169	231,008	(11,161)
Board certifications	15,000	15,000	15,000	-
Preschool pilot program	342,013	342,013	166,385	(175,628)
Technology	334,000	334,000	282,000	(52,000)
Standards of Learning algebra readiness	36,875	36,875	36,990	115
Group life insurance	32,672	32,672	31,172	(1,500)
Career and Technical Education	40,166	40,166	46,801	6,635
Mentor teacher program	1,962	1,962	1,909	(53)
Primary class size	287,220	287,220	309,090	21,870
English as a second language	26,639	26,639	16,534	(10,105)
Other state funds	80,950	80,950	80,995	45
Total categorical aid	<u>\$ 13,300,249</u>	<u>\$ 13,300,249</u>	<u>\$ 12,417,520</u>	<u>\$ (882,729)</u>
Total revenue from the Commonwealth	<u>\$ 13,300,249</u>	<u>\$ 13,300,249</u>	<u>\$ 12,417,520</u>	<u>\$ (882,729)</u>
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ -	\$ -	\$ 118,015	\$ 118,015
Title I	518,220	518,220	557,683	39,463
Title VI-B, special education flow-through	585,775	585,775	537,735	(48,040)
Title VI-B, special education pre-school	20,582	20,582	13,771	(6,811)
Vocational education	43,367	43,367	38,804	(4,563)
Title II - Part A	115,124	115,124	133,978	18,854
School food program	643,100	643,100	618,298	(24,802)
Total categorical aid	<u>\$ 1,926,168</u>	<u>\$ 1,926,168</u>	<u>\$ 2,018,284</u>	<u>\$ 92,116</u>
Total revenue from the federal government	<u>\$ 1,926,168</u>	<u>\$ 1,926,168</u>	<u>\$ 2,018,284</u>	<u>\$ 92,116</u>
Total School Operating Fund	<u>\$ 28,056,348</u>	<u>\$ 32,678,148</u>	<u>\$ 28,954,597</u>	<u>\$ (3,723,551)</u>
Nonmajor Special Revenue funds:				
Alleghany Highlands Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ 314,382	\$ 314,382	\$ 243,572	\$ (70,810)
Total miscellaneous revenue	<u>\$ 314,382</u>	<u>\$ 314,382</u>	<u>\$ 243,572</u>	<u>\$ (70,810)</u>
Total revenue from local sources	<u>\$ 314,382</u>	<u>\$ 314,382</u>	<u>\$ 243,572</u>	<u>\$ (70,810)</u>
Total Alleghany Highlands Fund	<u>\$ 314,382</u>	<u>\$ 314,382</u>	<u>\$ 243,572</u>	<u>\$ (70,810)</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Nonmajor Special Revenue funds: (Continued)				
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 111,362	\$ 111,362	\$ 100,378	\$ (10,984)
Total charges for services	\$ 111,362	\$ 111,362	\$ 100,378	\$ (10,984)
Total revenue from local sources	\$ 111,362	\$ 111,362	\$ 100,378	\$ (10,984)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 71,402	\$ 71,402	\$ 71,402	\$ -
Total categorical aid	\$ 71,402	\$ 71,402	\$ 71,402	\$ -
Total revenue from the Commonwealth	\$ 71,402	\$ 71,402	\$ 71,402	\$ -
Total Governor's School Fund	\$ 182,764	\$ 182,764	\$ 171,780	\$ (10,984)
Total Discretely Presented Component Unit - School Board	\$ 28,553,494	\$ 33,175,294	\$ 29,369,949	\$ (3,805,345)

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

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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:				
General government administration:				
Legislative:				
Board of supervisors	\$ 67,855	\$ 70,417	\$ 64,675	\$ 5,742
General and financial administration:				
County administrator	\$ 847,727	\$ 1,040,132	\$ 848,794	\$ 191,338
Personnel	14,600	22,873	17,113	5,760
Legal services	50,000	59,461	50,208	9,253
Special legal services	5,000	6,523	1,946	4,577
Commissioner of the revenue	358,841	382,565	376,856	5,709
Reassessment	50,000	91,531	87	91,444
Equalization board	-	6,802	744	6,058
Automotive motor pool	433,943	471,236	442,311	28,925
Treasurer	364,647	374,247	371,939	2,308
Audit services	47,906	56,906	46,503	10,403
Technology department	8,000	79,059	8,083	70,976
Total general and financial administration	\$ 2,180,664	\$ 2,591,335	\$ 2,164,584	\$ 426,751
Board of elections:				
Registrar	\$ 85,065	\$ 89,285	\$ 89,318	\$ (33)
Electoral board and officials	32,683	29,457	29,451	6
Total board of elections	\$ 117,748	\$ 118,742	\$ 118,769	\$ (27)
Total general government administration	\$ 2,366,267	\$ 2,780,494	\$ 2,348,028	\$ 432,466
Judicial administration:				
Courts:				
Circuit court	\$ 83,536	\$ 83,636	\$ 80,496	\$ 3,140
General district court	19,951	27,767	24,272	3,495
Special magistrates	2,265	2,165	1,197	968
Sheriff	449,858	451,033	442,725	8,308
Law library	4,500	4,500	3,519	981
Clerk of the circuit court	446,796	473,084	461,805	11,279
Total courts	\$ 1,006,906	\$ 1,042,185	\$ 1,014,014	\$ 28,171
Commonwealth's attorney:				
Commonwealth's attorney	\$ 577,034	\$ 579,727	\$ 547,266	\$ 32,461
Total commonwealth's attorney	\$ 577,034	\$ 579,727	\$ 547,266	\$ 32,461
Total judicial administration	\$ 1,583,940	\$ 1,621,912	\$ 1,561,280	\$ 60,632
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,843,440	\$ 1,909,081	\$ 1,897,218	\$ 11,863
Crime prevention	20,000	22,316	17,836	4,480
National forest patrol	9,151	9,151	-	9,151
DARE program	50,156	50,156	45,958	4,198
School resource officer	88,715	88,715	98,363	(9,648)

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

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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)				
Crime stoppers	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Radar transportation	15,204	15,204	15,204	-
Drug task force	1,000	1,000	-	1,000
Drug asset forfeiture	45,978	45,978	17,078	28,900
Total law enforcement and traffic control	\$ 2,076,644	\$ 2,144,601	\$ 2,091,657	\$ 52,944
Fire and rescue services:				
Fire departments	\$ 74,000	\$ 74,000	\$ 73,909	\$ 91
Volunteer fire departments	297,100	297,100	296,836	264
Emergency services	20,300	20,300	233	20,067
Ambulance and rescue services	305,892	305,892	299,079	6,813
Sara III Emergency Council	250	250	139	111
United fire and rescue association	293,800	612,428	370,492	241,936
Total fire and rescue services	\$ 991,342	\$ 1,309,970	\$ 1,040,688	\$ 269,282
Correction and detention:				
Sheriff-correction and detention	\$ 2,044,493	\$ 2,136,538	\$ 1,834,186	\$ 302,352
Probation	4,500	4,500	3,296	1,204
Courthouse security	87,598	96,198	85,014	11,184
VJCCA grant	3,617	3,617	3,617	-
Total correction and detention	\$ 2,140,208	\$ 2,240,853	\$ 1,926,113	\$ 314,740
Inspections:				
Building	\$ 123,432	\$ 123,432	\$ 126,884	\$ (3,452)
Total inspections	\$ 123,432	\$ 123,432	\$ 126,884	\$ (3,452)
Other protection:				
Animal control	\$ 61,675	\$ 71,400	\$ 71,039	\$ 361
Animal protection	84,744	84,744	84,344	400.00
Medical examiner	400	400	240	160
E-911	468,902	499,171	425,686	73,485
Total other protection	\$ 615,721	\$ 655,715	\$ 581,309	\$ 74,406
Total public safety	\$ 5,947,347	\$ 6,474,571	\$ 5,766,651	\$ 707,920
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 785,583	\$ 923,210	\$ 709,403	\$ 213,807
Refuse disposal	1,284,741	1,333,741	1,213,891	119,850
General engineering	57,920	63,360	53,734	9,626
Multiflora Rose program	-	8,536	2,740	5,796
Storm water management	46,584	64,475	4,164	60,311
Recycling program	59,870	59,870	58,223	1,647
Total sanitation and waste removal	\$ 2,234,698	\$ 2,453,192	\$ 2,042,155	\$ 411,037

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

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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	\$ 283,520	\$ 293,520	\$ 206,412	\$ 87,108
General properties	595,465	802,585	604,609	197,976
Total maintenance of general buildings and grounds	\$ 878,985	\$ 1,096,105	\$ 811,021	\$ 285,084
Total public works	\$ 3,113,683	\$ 3,549,297	\$ 2,853,176	\$ 696,121
Health and welfare:				
Health:				
Supplement of local health department	\$ 161,917	\$ 167,417	\$ 163,977	\$ 3,440
Total health	\$ 161,917	\$ 167,417	\$ 163,977	\$ 3,440
Mental health and mental retardation:				
Community services board	\$ 89,462	\$ 89,462	\$ 89,462	\$ -
Total mental health and mental retardation	\$ 89,462	\$ 89,462	\$ 89,462	\$ -
Welfare:				
Administration	\$ 1,929,327	\$ 1,936,327	\$ 1,867,212	\$ 69,115
Public assistance	863,000	633,000	448,076	184,924
Emergency repair fund	6,137	6,137	5,200	937
Indoor plumbing rehabilitation fund	1,325	190,730	24,276	166,454
Free clinic	9,000	9,000	9,000	-
TAP	5,775	5,775	5,775	-
Tax relief for the elderly	135,000	135,000	126,760	8,240
Safehomes, Inc.	5,000	5,000	5,000	-
Board of public welfare	3,600	3,600	3,600	-
Comprehensive services	1,106,747	1,349,397	1,378,033	(28,636)
Other welfare	9,147	9,147	8,897	250
CDBG-housing boiling springs	12,828	38,141	9,900	28,241
Total welfare	\$ 4,086,886	\$ 4,321,254	\$ 3,891,729	\$ 429,525
Total health and welfare	\$ 4,338,265	\$ 4,578,133	\$ 4,145,168	\$ 432,965
Education:				
Other instructional costs:				
Contributions to Dabney S. Lancaster Community College	\$ 9,230	\$ 9,230	\$ 9,230	\$ -
Contribution to County School Board	12,049,582	12,049,582	13,525,011	(1,475,429)
Total education	\$ 12,058,812	\$ 12,058,812	\$ 13,534,241	\$ (1,475,429)
Parks, recreation, and cultural:				
Parks and recreation:				
Human and leisure services	\$ 559,100	\$ 661,918	\$ 558,481	\$ 103,437
Scenic trail	19,559	171,524	30,548	140,976
Clifton little league	9,000	9,000	9,000	-
Covington little league	9,000	9,000	9,000	-
Salvation Army community center	25,000	75,000	-	75,000
Iron gate recreation	2,000	2,000	2,000	-
Total parks and recreation	\$ 623,659	\$ 928,442	\$ 609,029	\$ 319,413

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

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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: (Continued)				
Cultural enrichment:				
Alleghany concert series	\$ 5,000	\$ 5,000	\$ 5,700	\$ (700)
Music in the mountains	5,000	5,000	1,000	4,000
Alleghany crafts	1,900	1,900	1,800	100
Arts grant	5,000	5,000	5,000	-
Total cultural enrichment	\$ 16,900	\$ 16,900	\$ 13,500	\$ 3,400
Library:				
Contribution to regional library	\$ 121,802	\$ 121,802	\$ 121,802	\$ -
Contribution to Clifton library	21,755	21,755	21,755	-
Total library	\$ 143,557	\$ 143,557	\$ 143,557	\$ -
Total parks, recreation, and cultural	\$ 784,116	\$ 1,088,899	\$ 766,086	\$ 322,813
Community development:				
Planning and community development:				
Community development	\$ 92,249	\$ 92,249	\$ 112,609	\$ (20,360)
Economic development	851,770	1,177,663	195,517	982,146
Boards and commissions	21,365	21,365	14,131	7,234
Tourism initiative	120,000	120,000	120,000	-
Jackson River Enterprises	15,000	15,000	15,000	-
Clifton Armory contribution	3,500	3,500	3,500	-
Chamber Indust.	8,000	8,000	8,000	-
Total planning and community development	\$ 1,111,884	\$ 1,437,777	\$ 468,757	\$ 969,020
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	\$ 35,294	\$ 35,294	\$ 33,312	\$ 1,982
Total cooperative extension program	\$ 35,294	\$ 35,294	\$ 33,312	\$ 1,982
Total community development	\$ 1,149,678	\$ 1,475,571	\$ 504,569	\$ 971,002
Nondepartmental:				
Interest on refund of taxes	\$ -	\$ -	\$ 106,772	\$ (106,772)
Contingencies	206,010	1,316,598	31,010	1,285,588
Total nondepartmental	\$ 206,010	\$ 1,316,598	\$ 137,782	\$ 1,178,816
Capital projects:				
Other capital projects	\$ 294,000	\$ 2,353,388	\$ 349,368	\$ 2,004,020
Total capital projects	\$ 294,000	\$ 2,353,388	\$ 349,368	\$ 2,004,020
Debt service:				
Principal retirement	1,155,313	1,164,324	\$ 1,164,324	\$ -
Interest and other fiscal charges	431,250	431,250	431,250	-
Total debt service	\$ 1,586,563	\$ 1,595,574	\$ 1,595,574	\$ -
Total General Fund	\$ 33,428,681	\$ 38,893,249	\$ 33,561,923	\$ 5,331,326

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>
Special Revenue Fund:				
Special Law Fund:				
Public safety:				
Correction and detention:				
Sheriff	\$ 38,000	\$ 51,210	\$ 25,423	\$ 25,787
Total public safety	\$ 38,000	\$ 51,210	\$ 25,423	\$ 25,787
Total Special Law Fund	\$ 38,000	\$ 51,210	\$ 25,423	\$ 25,787
Total Primary Government	\$ 33,466,681	\$ 38,944,459	\$ 33,587,346	\$ 5,357,113
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	\$ 1,739,795	\$ 1,739,795	\$ 1,681,239	\$ 58,556
Total administration of schools	\$ 1,739,795	\$ 1,739,795	\$ 1,681,239	\$ 58,556
Instruction costs:				
Instruction costs	\$ 20,342,217	\$ 20,342,217	\$ 18,833,115	\$ 1,509,102
Total instruction costs	\$ 20,342,217	\$ 20,342,217	\$ 18,833,115	\$ 1,509,102
Operating costs:				
Attendance and health services				
Pupil transportation	\$ 2,027,846	\$ 2,027,846	\$ 1,948,782	\$ 79,064
Operation and maintenance of school plant	2,966,828	2,966,828	2,825,962	140,866
School food and other non-instructional costs ⁽¹⁾	1,130,907	1,130,907	1,032,742	98,165
Total operating costs	\$ 6,125,581	\$ 6,125,581	\$ 5,807,486	\$ 318,095
Total education	\$ 28,207,593	\$ 28,207,593	\$ 26,321,840	\$ 1,885,753
Capital projects:				
School capital projects	\$ 410,000	\$ 5,031,800	\$ 4,624,911	\$ 406,889
Total School Operating Fund	\$ 28,617,593	\$ 33,239,393	\$ 30,946,751	\$ 2,292,642
⁽¹⁾ Includes Cafeteria Funds held by the School System not subject to appropriation.				
Nonmajor Special Revenue funds:				
Alleghany Highlands Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 314,382	\$ 314,382	\$ 255,060	\$ 59,322
Total instruction costs	\$ 314,382	\$ 314,382	\$ 255,060	\$ 59,322
Total education	\$ 314,382	\$ 314,382	\$ 255,060	\$ 59,322
Total Alleghany Highlands Fund	\$ 314,382	\$ 314,382	\$ 255,060	\$ 59,322

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)				
Nonmajor Special Revenue funds: (Continued)				
Governor's School Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 182,764	\$ 182,764	\$ 171,590	\$ 11,174
Total education	\$ 182,764	\$ 182,764	\$ 171,590	\$ 11,174
Total Governor's School Fund	\$ 182,764	\$ 182,764	\$ 171,590	\$ 11,174
Total Discretely Presented Component Unit - School Board	\$ 29,114,739	\$ 33,736,539	\$ 31,373,401	\$ 2,363,138

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
2013-14	\$ 2,218,596	\$ 1,559,654	\$ 5,548,155	\$ 2,939,564	\$ 3,683,445	\$ 12,558,547	\$ 812,380	\$ 505,841	\$ 394,899	\$ 4,837,124	\$ 35,058,205
2012-13	2,200,183	1,482,244	5,340,327	2,894,667	3,538,594	12,643,618	963,741	561,469	430,686	4,208,210	34,263,739
2011-12	2,499,430	1,489,784	5,171,713	2,964,372	3,463,171	12,515,440	1,100,281	404,069	1,623,370	4,497,392	35,729,022
2010-11	2,153,781	1,447,988	5,234,361	2,773,957	3,348,393	12,221,036	966,811	441,036	933,168	2,914,811	32,435,342
2009-10	2,030,763	1,306,191	4,968,106	4,351,861	3,427,771	12,104,165	1,096,976	444,648	1,038,864	2,894,787	33,664,132
2008-09	1,988,175	1,346,124	4,898,840	4,970,152	3,368,123	12,026,801	632,214	394,485	1,089,090	3,466,944	34,180,948
2007-08	1,139,917	1,254,663	5,159,785	3,095,922	3,850,210	9,418,334	871,908	398,708	1,127,499	2,753,856	29,070,802
2006-07	2,116,146	1,274,576	5,035,940	2,682,973	3,486,881	12,116,812	815,503	566,417	1,118,940	2,803,885	32,018,073
2005-06	1,906,198	1,148,669	4,291,821	2,608,586	3,708,541	12,138,025	685,254	346,712	1,059,960	2,693,096	30,586,862
2004-05	1,983,684	1,072,819	4,001,622	2,444,495	3,429,803	11,496,939	1,013,934	348,755	1,040,587	2,871,058	29,703,696

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
2013-14	\$ 4,827,467	\$ 8,458,807	\$ 23,280	\$	15,186,511	\$ 2,554,418	\$ 82,668	\$ 244,619	\$ 2,407,155	\$ 33,784,925
2012-13	4,639,293	8,543,222	771,476		16,394,558	2,412,439	73,094	353,916	2,396,687	35,584,685
2011-12	4,669,620	8,913,175	1,888,577		15,492,843	2,190,182	50,276	251,787	2,293,952	35,750,412
2010-11	3,909,984	8,252,444	12,541,714		15,432,192	2,288,458	144,947	609,488	2,250,850	45,430,077
2009-10	3,461,695	8,234,495	4,287,265		15,715,743	2,236,077	123,133	549,032	2,276,650	36,884,090
2008-09	3,563,035	9,514,955	2,037,436		15,222,115	2,698,807	385,533	387,588	2,069,500	35,878,969
2007-08	3,418,562	8,768,681	205,853		14,784,476	2,596,051	1,016,766	261,246	1,978,185	33,029,820
2006-07	3,430,559	9,510,905	22,000		13,910,364	2,740,541	1,083,794	511,837	1,883,621	33,093,621
2005-06	3,337,808	8,455,946	47,887		13,523,707	2,630,493	743,785	94,650	2,124,891	30,959,167
2004-05	3,142,449	8,023,711	53,553		13,027,305	2,507,668	714,908	135,079	1,808,437	29,413,110

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
2013-14	\$ 2,348,028	\$ 1,561,280	\$ 5,792,074	\$ 2,853,176	\$ 4,145,168	\$ 26,757,720	\$ 766,086	\$ 504,569	\$ 137,782	\$ 1,595,574	\$ 4,974,279	\$ 51,435,736
2012-13	2,304,985	1,496,501	5,695,866	2,878,188	3,973,318	28,595,658	785,039	561,954	29,505	1,566,353	700,450	48,587,817
2011-12	2,422,769	1,429,307	5,775,857	3,246,772	3,917,532	29,826,325	760,351	399,258	28,856	10,333,888	526,086	58,667,001
2010-11	2,254,023	1,404,529	5,436,958	2,643,170	3,867,309	28,534,386	727,485	331,195	5,567	2,342,273	374,624	47,921,519
2009-10	2,159,776	1,381,692	5,509,607	2,893,008	3,947,566	29,531,453	722,137	283,368	4,900	2,363,137	2,796,318	51,592,962
2008-09	2,101,972	1,403,618	5,324,926	2,965,524	4,038,254	31,120,417	673,801	330,719	5,899	2,386,317	3,278,167	53,629,614
2007-08	2,040,887	1,372,032	5,292,272	2,726,625	3,948,507	30,648,576	899,577	413,787	3,399	2,413,924	1,603,967	51,363,553
2006-07	2,047,804	1,274,637	5,435,110	2,761,932	4,221,685	29,026,101	792,850	344,520	11,457	2,140,387	1,072,176	49,128,659
2005-06	2,013,519	1,149,383	4,754,993	2,527,065	4,554,268	27,022,943	703,633	346,424	3,400	2,210,765	1,261,348	46,547,741
2004-05	1,939,561	1,089,904	4,307,543	2,584,635	4,162,455	26,366,999	1,017,330	354,098	11,143	2,265,660	518,698	44,618,026

(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 Use of Money and Property		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2012-13	\$ 15,148,553	\$ 2,554,418	\$ 28,178	\$ 59,214	\$ 72,952	\$ 1,040,908	\$ 708,314	\$ 1,800,693	\$ 25,373,168	\$ 46,786,398	
2012-13	16,187,947	2,412,439	40,113	43,559	66,284	1,123,697	835,224	1,565,975	26,904,703	49,179,941	
2011-12	15,412,777	2,190,182	28,259	61,002	47,464	1,334,845	663,646	1,785,590	28,457,341	49,981,106	
2010-11	15,524,223	2,288,458	38,554	81,829	122,518	1,193,313	964,764	1,663,681	27,239,582	49,116,922	
2009-10	15,629,777	2,236,077	35,296	65,414	124,353	1,097,179	1,068,168	1,701,036	30,002,302	51,959,602	
2008-09	15,128,836	2,698,807	50,661	64,653	383,246	1,277,105	822,185	1,856,032	32,209,250	54,490,775	
2007-08	14,789,811	2,596,051	45,274	57,561	1,025,818	1,284,749	715,685	1,535,807	29,672,297	51,723,053	
2006-07	14,005,628	2,740,541	49,435	91,907	1,143,332	1,188,289	633,081	1,677,282	29,482,016	51,011,511	
2005-06	13,523,178	2,630,493	46,829	121,343	805,833	1,096,609	823,290	1,579,547	26,372,308	46,999,430	
2004-05	13,055,682	2,507,668	36,171	96,463	737,705	999,256	634,201	1,581,968	25,119,419	44,768,533	

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

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

Table 5

County of Alleghany, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 17,568,748	\$ 17,276,587	98.34%	\$ 287,649	\$ 17,564,236	99.97%	\$ 637,328	3.63%
2012-13	17,282,831	16,978,746	98.24%	209,664	17,188,410	99.45%	632,216	3.66%
2011-12	16,374,806	16,235,714	99.15%	185,834	16,421,548	100.29%	462,659	2.83%
2010-11	17,133,525	17,000,079	99.22%	263,622	17,263,701	100.76%	386,161	2.25%
2009-10	16,965,119	16,852,221	99.33%	248,198	17,100,419	100.80%	489,646	2.89%
2008-09	16,607,536	16,365,362	98.54%	225,844	16,591,206	99.90%	476,050	2.87%
2007-08	16,259,572	16,130,783	99.21%	156,974	16,287,757	100.17%	405,837	2.50%
2006-07	15,475,568	15,326,045	99.03%	186,484	15,512,529	100.24%	392,420	2.54%
2005-06	15,100,276	15,029,295	99.53%	128,373	15,157,668	100.38%	313,244	2.07%
2004-05	14,448,057	14,196,169	98.26%	189,244	14,385,413	99.57%	296,513	2.05%

(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
2013-14	\$ 1,195,599,690	\$ 66,324,208	\$ 114,611,443	\$ 119,210,453	\$ 1,495,745,794
2012-13	1,189,199,438	64,151,894	122,088,331	111,530,160	1,486,969,823
2011-12	1,183,707,713	63,193,323	116,555,738	109,080,093	1,472,536,867
2010-11	1,177,769,900	61,240,685	116,208,339	103,422,277	1,458,641,201
2009-10	1,173,850,600	59,061,239	116,248,580	100,012,946	1,449,173,365
2008-09	1,166,472,100	64,321,098	106,864,932	89,128,617	1,426,786,747
2007-08	1,146,371,600	63,346,720	102,823,797	101,263,931	1,413,806,048
2006-07	779,733,400	63,121,433	107,628,289	72,453,464	1,022,936,586
2005-06	800,128,832	62,950,052	107,004,276	77,104,632	1,047,187,792
2004-05	719,997,400	59,102,948	103,481,737	83,253,702	965,835,787

(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
2013-14	\$ 0.67	\$ 5.95	\$ 0.67	\$ 5.95
2012-13	0.67	5.95	0.67	5.95
2011-12	0.64	5.95	0.64	5.95
2010-11	0.64	5.95	0.64	5.95
2009-10	0.66	5.95	0.66	5.95
2008-09	0.66	5.95	0.66	5.95
2007-08	0.66	5.95	0.66	5.95
2006-07	0.72	5.95	0.72	5.95
2005-06	0.69	5.95	0.69	5.95
2004-05	0.67	5.95	0.67	5.95

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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
2010-11	16,250	1,458,641	22,659,231	22,659,231	1.55%	1,394
2009-10	17,215	1,449,173	24,291,009	24,291,009	1.68%	1,411
2008-09	17,215	1,426,787	25,732,356	25,732,356	1.80%	1,495
2007-08	17,215	1,413,806	27,140,846	27,140,846	1.92%	1,577
2006-07	17,215	1,022,937	28,504,706	28,504,706	2.79%	1,656
2005-06	17,215	1,047,188	26,526,182	26,335,000	2.51%	1,530
2004-05	17,215	965,836	27,727,733	27,530,000	2.85%	1,599

(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

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the 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 units, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Alleghany, Virginia's basic financial statements, and have issued our report thereon dated February 4, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County of Alleghany, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Alleghany, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Alleghany, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alleghany, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia

February 4, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Alleghany, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Alleghany, Virginia's major federal programs for the year ended June 30, 2014. The County of Alleghany, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Alleghany, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Alleghany, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Alleghany, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the County of Alleghany, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Alleghany, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Alleghany, Virginia's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Co. Associates

Blacksburg, Virginia
February 4, 2015

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

Page 1 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	93556	\$ 8,317
Temporary Assistance for Needy Families	93.558	93558	270,531
Refugee and Entrant Assistance - State Administered Programs	93.566	93566	1,672
Low-Income Home Energy Assistance	93.568	93568	28,172
Child Care and Development Block Grant	93.575	93575	(2,400)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	93596	46,105
Chafee Education and Training Vouchers Program	93.599	93599	222
Stephanie Tubbs Jones Child Welfare Services Program	93.645	93645	1,907
Foster Care - Title IV-E	93.658	93658	88,870
Adoption Assistance	93.659	93659	19,531
Social Services Block Grant	93.667	93667	202,753
Children's Health Insurance Program	93.767	93767	8,176
Medical Assistance Program	93.778	93778	255,265
Chafee Foster Care Independence Program	93.674	93674	2,780
Total Department of Health and Human Services			\$ 931,901
Department of Agriculture:			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
Schools and Roads - Grants to States	10.665	43841	\$ 118,015
<i>Department of Education:</i>			
School Lunch Program (Child Nutrition Cluster)	10.555	40623	\$ 520,102
School Breakfast Program (Child Nutrition Cluster)	10.553	40621	86,286
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Not available	11,910
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	297,564
Total Department of Agriculture			\$ 1,033,877
National Endowment for the Arts:			
Pass Through Payments:			
<i>Virginia Commision for the Arts</i>			
Promotion of the Arts Partnership Agreements	45.025	Not available	\$ 5,000
Total National Endowment for the Arts:			\$ 5,000
Department of Transportation:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	59105	\$ 11,025
Total Department of Transportation			\$ 11,025
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	Not Applicable	\$ 10,825
Total Department of Justice			\$ 10,825

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

Page 2 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	77502, 77801	\$ 25,867
Total Department of Homeland Security			<u>\$ 25,867</u>
Department of Education:			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I: Grants to Local Educational Agencies	84.010	42892	\$ 557,683
Special Education - Grants to States (Special Education Cluster)	84.027	60180	537,735
Career and Technical Education: Basic Grants to States	84.048	43401	38,804
Special Education - Preschool Grants (Special Education Cluster)	84.173	61136	13,771
Improving Teacher Quality State Grants	84.367	61490	133,978
Total Department of Education			<u>\$ 1,281,971</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,300,466</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Alleghany, Virginia under programs of the federal government for the year ended June 30, 2014. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the County of Alleghany, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Alleghany, Virginia.

Note B -- Summary of Significant Accounting Policies:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

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

Note C -- Food Distribution

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

Note D -- Relationship to the Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund		\$ 1,502,183
Water and Sewer Fund Grants		6,769
Primary Government		<u>\$ 1,508,952</u>
Component Unit School:		
School Operating Fund		<u>\$ 2,018,284</u>
Less: Payments in Lieu of Taxes		<u>\$ (226,770)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards		<u><u>\$ 3,300,466</u></u>

County of Allegheny, Virginia

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 501(a) of OMB Circular A-133 No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title 1, Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

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