

FINANCIAL STATEMENTS



COUNTY OF ALLEGHANY, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2022

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

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

FINANCIAL SECTION

Independent Auditors' Report	2-5
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		

Government-Wide Financial Statements:

Statement of Net Position	1	6
Statement of Activities	2	7

Fund Financial Statements:

Balance Sheet - Governmental Funds	3	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	9
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6	11
Statement of Net Position - Proprietary Funds	7	12
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	13
Statement of Cash Flows - Proprietary Funds	9	14
Statement of Fiduciary Net Position - Fiduciary Funds	10	15
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11	16

Notes to Financial Statements	17-97
-------------------------------------	-------

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual:

General Fund	12	98
Special Law Fund	13	99

Pension Plan:

Schedule of Employer's Proportionate Share of the Net Pension Liability	14	100
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios		
Component Unit School Board (nonprofessional)	15	101
Schedule of Employer Contributions	16	102
Notes to Required Supplementary Information	17	103

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information: (Continued)		
Other Postemployment Benefits - Health Insurance:		
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios		
Component Unit School Board	18	104
Notes to Required Supplementary Information	19	105
Other Postemployment Benefits - Group Life Insurance (GLI) Plan:		
Schedule of Employer's Share of the Net OPEB Liability	20	106
Schedule of Employer Contributions	21	107
Notes to Required Supplementary Information	22	108
Other Postemployment Benefits - Teacher Employee Health Insurance Credit (HIC) Plan:		
Schedule of Component Unit School Board's (professional) Share of the Net OPEB Liability.....	23	109
Schedule of Employer Contributions	24	110
Notes to Required Supplementary Information	25	111
Other Postemployment Benefits -Health Insurance Credit (HIC) Plan:		
Schedule of Changes in Component Unit School Board's (nonprofessional) Net OPEB Liability and Related Ratios.....	26	112
Schedule of Employer Contributions	27	113
Notes to Required Supplementary Information	28	114
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Statement of Fiduciary Net Position - Fiduciary Funds.....	29	115
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	30	116
Discretely Presented Component Unit - School Board:		
Combining Balance Sheet.....	31	117
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		
Governmental Funds	32	118
Schedule of Revenues, Expenditures, and Changes in Fund Balances		
Budget and Actual	33	119
Combining Balance Sheet - Nonmajor Special Revenue Funds	34	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances		
Nonmajor Special Revenue Funds.....	35	121

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS (CONTINUED)

Other Statistical Information:

	<u>Table</u>	<u>Page</u>
Government-wide information:		
Government-Wide Expenses by Function	1	122
Government-Wide Revenues	2	123
Fund information:		
General Governmental Expenditures by Function	3	124
General Governmental Revenues by Source	4	125
Property Tax Levies and Collections	5	126
Assessed Value of Taxable Property	6	127
Property Tax Rates	7	128
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	129

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	130-131
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	132-134
Schedule of Expenditures of Federal Awards	135-136
Schedule of Findings and Questioned Costs	137-138
Summary Schedule of Prior Audit Findings	139

INTRODUCTORY SECTION

COUNTY OF ALLEGHANY, VIRGINIA

BOARD OF SUPERVISORS

Matt Garten, Chairman	
James M. Griffith, Vice Chairman	Shannon P. Cox
Stephen A. Bennett	Cletus W. Nicely
Gregory A. Dodd	Ronald S. Goings

COUNTY SCHOOL BOARD

Jacob L. Wright, Chairman	
Danielle I. Morgan, Vice-Chairwoman	Gerald E. Franson
John B. Littleton	Patrice M. Jefferson
Richard A. Shull	Jason R. Helmtoller

SOCIAL SERVICES BOARD

David Crosier, Chair	
Matt Garten, Vice-Chairman	Kathy Carson
Eston Burge	Lisa Persinger
Tonya Angle	

OTHER OFFICIALS

Clerk of the Circuit Court	Debbie Byer
Commissioner of the Revenue.....	Valerie Bruffey
Treasurer	Teresa Brown
Sheriff	Kevin Hall
Director of Social Services	Tammy Wilson
County Administrator	Reid Walters
County Attorney	Jim Guynn
Commonwealth's Attorney.....	Ann Gardner
Finance Director	Suzanne Adcock

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 25 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis-of-Matter - Alleghany County Public Schools and Covington City Public Schools Merger

As described in Note 26, Alleghany County School Board and Covington City Public Schools merged to form Alleghany Highlands Public Schools (AHPS). During the fiscal year, ACPs had special items of contributions for the new Organization and funds returned to the County of Alleghany, Virginia.

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023, on our consideration of the County of Alleghany, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Alleghany, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Alleghany, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2023

Basic Financial Statements

County of Alleghany, Virginia
Statement of Net Position
June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	\$ 11,706,497	\$ 1,226,049	\$ 12,932,546	\$ 9,593,915
Cash in custody of others	-	-	-	524,459
Investments	3,032,622	-	3,032,622	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	706,315	-	706,315	-
Accounts receivable	443,091	519,986	963,077	132,217
Leases receivable	500,415	-	500,415	24,501
Due from component unit	5,658,202	-	5,658,202	-
Due from other governmental units	2,024,817	111,008	2,135,825	264,753
Inventories	7,326	-	7,326	-
Prepaid items	121,763	-	121,763	-
Net pension asset	-	-	-	1,449,109
Restricted assets:				
Cash and cash equivalents	-	1,948,420	1,948,420	-
Capital assets (net of accumulated depreciation/amortization):				
Land	2,154,628	88,980	2,243,608	1,634,094
Buildings and improvements	6,028,221	-	6,028,221	14,968,601
Land improvements	2,636,173	-	2,636,173	-
Machinery and equipment	9,319,173	209,933	9,529,106	3,374,547
Infrastructure	-	39,086,420	39,086,420	-
Construction in progress	577,727	-	577,727	-
Leased machinery and equipment	964,598	-	964,598	58,434
Total assets	\$ 45,881,568	\$ 43,190,796	\$ 89,072,364	\$ 32,024,630
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 2,337,662	\$ 192,241	\$ 2,529,903	\$ 3,919,290
OPEB related items	124,743	10,078	134,821	730,211
Total deferred outflows of resources	\$ 2,462,405	\$ 202,319	\$ 2,664,724	\$ 4,649,501
LIABILITIES				
Accounts payable	\$ 994,400	\$ 357,372	\$ 1,351,772	\$ 131,195
Construction and retainage payable	76,786	-	76,786	-
Accrued liabilities	86,720	25,881	112,601	946,410
Due to other governmental units	-	-	-	2,488,892
Customers' deposits	-	98,178	98,178	-
Accrued interest payable	70,134	27,728	97,862	-
Due to primary government	-	-	-	5,658,202
Long-term liabilities:				
Due within one year	1,395,592	888,354	2,283,946	199,305
Due in more than one year	11,539,410	9,158,683	20,698,093	13,949,011
Total liabilities	\$ 14,163,042	\$ 10,556,196	\$ 24,719,238	\$ 23,373,015
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 22,962	\$ -	\$ 22,962	\$ -
Lease related items	472,483	-	472,483	23,895
Pension related items	4,510,244	386,337	4,896,581	10,108,901
OPEB related items	177,955	15,177	193,132	765,311
Total deferred inflows of resources	\$ 5,183,644	\$ 401,514	\$ 5,585,158	\$ 10,898,107
NET POSITION				
Net investment in capital assets	\$ 11,167,225	\$ 29,594,088	\$ 40,761,313	\$ 19,977,277
Restricted:				
Jail operations	327,685	-	327,685	-
CDBG housing	25,731	-	25,731	-
Law library	26,289	-	26,289	-
Asset forfeiture funds	64,509	-	64,509	-
Courthouse Security	181	-	181	-
Indoor plumbing rehab	53,713	-	53,713	-
Emergency repair fund	55,884	-	55,884	-
Opioid abatement fund	249,352	-	249,352	-
Net pension asset	-	-	-	1,449,109
Bond covenants	-	1,850,242	1,850,242	-
School cafeterias	-	-	-	524,459
School activity fund	-	-	-	737,174
Unrestricted	17,026,718	991,075	18,017,793	(20,285,010)
Total net position	\$ 28,997,287	\$ 32,435,405	\$ 61,432,692	\$ 2,403,009

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, 2022

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	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 1,975,187	\$ 116,871	\$ 742,267	\$ -	\$ (1,116,049)	\$ -	\$ (1,116,049)
Judicial administration	1,660,718	6,618	844,898	-	(809,202)	-	(809,202)
Public safety	10,509,624	135,497	3,771,601	-	(6,602,526)	-	(6,602,526)
Public works	3,719,878	1,064,716	1,523,768	-	(1,131,394)	-	(1,131,394)
Health and welfare	4,956,690	-	4,304,481	-	(652,209)	-	(652,209)
Education	22,551,054	-	3,047,944	-	(19,503,110)	-	(19,503,110)
Parks, recreation, and cultural	616,441	22,825	315,064	19,063	(259,489)	-	(259,489)
Community development	3,107,967	-	49,241	-	(3,058,726)	-	(3,058,726)
Interest on long-term debt	341,371	-	-	-	(341,371)	-	(341,371)
Total governmental activities	\$ 49,438,930	\$ 1,346,527	\$ 14,599,264	\$ 19,063	\$ (33,474,076)	\$ -	\$ (33,474,076)
Business-type activities:							
Water and Sewer Fund	\$ 4,982,842	\$ 4,714,331	\$ 621,870	\$ 7,500	\$ -	\$ 360,859	\$ 360,859
Total business-type activities	\$ 4,982,842	\$ 4,714,331	\$ 621,870	\$ 7,500	\$ -	\$ 360,859	\$ 360,859
Total primary government	\$ 54,421,772	\$ 6,060,858	\$ 15,221,134	\$ 26,563	\$ (33,474,076)	\$ 360,859	\$ (33,113,217)
COMPONENT UNIT:							
School Board	\$ 25,300,970	\$ 645,267	\$ 17,387,769	\$ -	\$ -	\$ -	\$ (7,267,934)
Total component unit	\$ 25,300,970	\$ 645,267	\$ 17,387,769	\$ -	\$ -	\$ -	\$ (7,267,934)
General revenues:							
General property taxes					\$ 18,357,354	\$ -	\$ 18,357,354
Other local taxes							
Local sales and use taxes					1,098,215	-	1,098,215
Consumers' utility taxes					295,495	-	295,495
Business license taxes					415,459	-	415,459
Utility consumption taxes					236,235	-	236,235
Motor vehicle licenses					404,452	-	404,452
Restaurant food taxes					700,512	-	700,512
Transient lodging taxes					202,931	-	202,931
Other local taxes					123,123	-	123,123
Unrestricted revenues from use of money and property					(88,502)	(17,413)	(105,915)
Miscellaneous					409,398	26,755	436,153
Payments from the County of Alleghany					-	-	-
Grants and contributions not restricted to specific programs					2,466,724	-	2,466,724
Transfers					595,433	(595,433)	-
Special item - Transfer to Alleghany Highlands Public Schools					-	-	(2,488,892)
Special item - Return of residual balances from School Board					6,153,014	-	6,153,014
Total general revenues and special items					\$ 31,369,843	\$ (586,091)	\$ 30,783,752
Change in net position					\$ (2,104,233)	\$ (225,232)	\$ (2,329,465)
Net position - beginning					31,101,520	32,660,637	63,762,157
Net position - ending					\$ 28,997,287	\$ 32,435,405	\$ 61,432,692
							\$ 2,403,009

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

County of Alleghany, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Special Law Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 11,378,346	\$ 328,151	\$ 11,706,497
Investments	3,032,622	-	3,032,622
Receivables (net of allowance for uncollectibles):			
Taxes receivable	706,315	-	706,315
Accounts receivable	443,091	-	443,091
Leases receivable	500,415	-	500,415
Due from component unit	5,658,202	-	5,658,202
Due from other governmental units	2,024,817	-	2,024,817
Inventories	7,326	-	7,326
Prepaid items	121,763	-	121,763
Total assets	<u>\$ 23,872,897</u>	<u>\$ 328,151</u>	<u>\$ 24,201,048</u>
LIABILITIES			
Accounts payable	\$ 993,934	\$ 466	\$ 994,400
Retainage payable	76,786	-	76,786
Accrued liabilities	86,720	-	86,720
Total liabilities	<u>\$ 1,157,440</u>	<u>\$ 466</u>	<u>\$ 1,157,906</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 638,547	\$ -	\$ 638,547
Property taxes paid in advance	22,962	-	22,962
Lease related items	500,415	-	500,415
Unavailable revenue - opioid settlement receivable	240,691	-	240,691
Total deferred inflows of resources	<u>\$ 1,402,615</u>	<u>\$ -</u>	<u>\$ 1,402,615</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 7,326	\$ -	7,326
Prepays	121,763	-	121,763
Restricted			
Jail operations	-	327,685	327,685
CDBG housing	25,731	-	25,731
Law library	26,289	-	26,289
Asset forfeiture funds	64,509	-	64,509
Courthouse Security	181	-	181
Indoor plumbing rehab	53,713	-	53,713
Emergency repair fund	55,884	-	55,884
Opioid settlement receivable	8,661	-	8,661
Unassigned	20,948,785	-	20,948,785
Total fund balances	<u>\$ 21,312,842</u>	<u>\$ 327,685</u>	<u>\$ 21,640,527</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,872,897</u>	<u>\$ 328,151</u>	<u>\$ 24,201,048</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	21,640,527
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets		
Land	\$	2,154,628
Buildings and improvements		6,028,221
Land improvements		2,636,173
Machinery and equipment		9,319,173
Construction in progress		577,727
Leased machinery and equipment		<u>964,598</u>
		21,680,520
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Unavailable revenue - property taxes	\$	638,547
Lease receivable related items		27,932
Unavailable revenue - opioid settlement receivable		<u>240,691</u>
		907,170
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$	2,337,662
OPEB related items		<u>124,743</u>
		2,462,405
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bond	\$	(940,848)
Notes payable		(161,251)
Premium on issuance		(5,964)
Lease liabilities		(990,084)
Financed purchases		(8,338,362)
Accrued interest payable		(70,134)
Compensated absences		(309,560)
Net pension liability		(1,773,325)
Net OPEB liability		<u>(415,608)</u>
		(13,005,136)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(4,510,244)
OPEB related items		<u>(177,955)</u>
		(4,688,199)
Net position of governmental activities	\$	<u><u>28,997,287</u></u>

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

County of Alleghany, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Special Law Fund	Total
REVENUES			
General property taxes	\$ 18,276,916	\$ -	\$ 18,276,916
Other local taxes	3,476,422	-	3,476,422
Permits, privilege fees, and regulatory licenses	75,607	-	75,607
Fines and forfeitures	42,697	-	42,697
Revenue from the use of money and property	(42,059)	(3,733)	(45,792)
Charges for services	1,157,581	-	1,157,581
Miscellaneous	101,765	66,942	168,707
Recovered costs	1,881,474	-	1,881,474
Intergovernmental	17,085,051	-	17,085,051
Total revenues	<u>\$ 42,055,454</u>	<u>\$ 63,209</u>	<u>\$ 42,118,663</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,630,666	\$ -	\$ 2,630,666
Judicial administration	1,959,014	-	1,959,014
Public safety	8,405,695	45,693	8,451,388
Public works	3,890,740	-	3,890,740
Health and welfare	5,339,183	-	5,339,183
Education	12,634,386	-	12,634,386
Parks, recreation, and cultural	1,058,120	-	1,058,120
Community development	1,945,732	-	1,945,732
Nondepartmental	24,999	-	24,999
Capital projects	1,380,964	-	1,380,964
Debt service:			
Principal retirement	1,829,062	-	1,829,062
Interest and other fiscal charges	318,910	-	318,910
Bond issuance costs	50,570	-	50,570
Total expenditures	<u>\$ 41,468,041</u>	<u>\$ 45,693</u>	<u>\$ 41,513,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 587,413</u>	<u>\$ 17,516</u>	<u>\$ 604,929</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 595,433	\$ -	\$ 595,433
Issuance of notes payable	161,251	-	161,251
Issuance of leases	17,522	-	17,522
Sale of capital assets	2,150	-	2,150
Total other financing sources (uses)	<u>\$ 776,356</u>	<u>\$ -</u>	<u>\$ 776,356</u>
SPECIAL ITEM			
Return of residual balances from School Board	<u>\$ 6,153,014</u>	<u>\$ -</u>	<u>\$ 6,153,014</u>
Net change in fund balances	\$ 7,516,783	\$ 17,516	\$ 7,534,299
Fund balances - beginning	13,796,059	310,169	14,106,228
Fund balances - ending	<u>\$ 21,312,842</u>	<u>\$ 327,685</u>	<u>\$ 21,640,527</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, 2022

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

Net change in fund balances - total governmental funds \$ 7,534,299

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is details of items supporting this adjustment:

Capital outlay	\$ 1,574,333	
Depreciation/amortization expense	(3,189,790)	(1,615,457)

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

Transfer of assets to Component Unit School Board	\$ (9,841,991)	
Disposal of assets (net)	(840,453)	(10,682,444)

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

Property taxes	\$ 80,438	
Opioid settlement receivable	240,691	
Lease related items	27,932	349,061

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

Debt issued or incurred:		
Issuance of notes payable	\$ (161,251)	
Issuance of lease liabilities	(17,522)	
Principal repayments:		
General obligation bond	565,508	
Literary loans	750,000	
Financed purchase	278,954	
Lease liabilities	234,600	1,650,289

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

Change in compensated absences	\$ 33,076	
Change in accrued interest payable	25,569	
Change in pension related items	581,107	
Change in OPEB related items	17,727	
Amortization of bond premium	2,540	660,019

Change in net position of governmental activities		<u>\$ (2,104,233)</u>
---	--	-----------------------

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, 2022

	<u>Enterprise Fund Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,226,049
Accounts receivable, net of allowance for uncollectibles	519,986
Due from other governmental units	111,008
Total current assets	<u>\$ 1,857,043</u>
Noncurrent assets:	
Restricted cash and cash equivalents:	
Customers' deposits	\$ 98,178
Debt reserves (bond covenants)	1,850,242
Total restricted assets	<u>\$ 1,948,420</u>
Capital assets:	
Infrastructure and equipment	\$ 57,343,296
Land	88,980
Machinery and equipment	802,882
Accumulated depreciation	(18,849,825)
Total capital assets	<u>\$ 39,385,333</u>
Total noncurrent assets	<u>\$ 41,333,753</u>
Total assets	<u>\$ 43,190,796</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 192,241
OPEB related items	10,078
Total deferred outflows of resources	<u>\$ 202,319</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 357,372
Payroll liabilities	25,881
Customers' deposits	98,178
Accrued interest payable	27,728
Compensated absences - current portion	51,833
Bonds payable - current portion	836,521
Total current liabilities	<u>\$ 1,397,513</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 17,277
Bonds payable - net of current portion	8,954,724
Net pension liability	151,237
Net OPEB liability	35,445
Total noncurrent liabilities	<u>\$ 9,158,683</u>
Total liabilities	<u>\$ 10,556,196</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 386,337
OPEB related items	15,177
Total deferred inflows of resources	<u>\$ 401,514</u>
NET POSITION	
Net Investment in capital assets	\$ 29,594,088
Restricted:	
Bond covenants	1,850,242
Unrestricted	991,075
Total net position	<u>\$ 32,435,405</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, 2022

	<u>Enterprise Fund Water and Sewer Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues (serves as security for revenue bonds)	\$ 2,156,407
Sewer revenues (serves as security for revenue bonds)	2,494,513
Penalty	63,411
Miscellaneous	26,755
Total operating revenues	<u>\$ 4,741,086</u>
OPERATING EXPENSES	
Salaries and wages	\$ 631,201
Fringe benefits	259,146
Professional services	775,108
Utilities	313,989
Materials and supplies	240,613
Insurance	38,921
Travel	10,137
Dues and memberships	350
Permits	22,369
Rentals and leases	3,088
Repairs and maintenance	139,723
Purchased services	1,257,595
Depreciation	1,173,554
Total operating expenses	<u>\$ 4,865,794</u>
Operating income (loss)	<u>\$ (124,708)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ (17,413)
Connection fees	7,500
Interest expense	(117,048)
Intergovernmental	621,870
Total nonoperating revenues (expenses)	<u>\$ 494,909</u>
Income before transfers	\$ 370,201
Transfers out	<u>(595,433)</u>
Change in net position	\$ (225,232)
Net position - beginning	32,660,637
Net position - ending	<u><u>\$ 32,435,405</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, 2022

	Enterprise Fund <u>Water and Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 5,110,487
Payments to suppliers	(2,762,137)
Payments to and for employees	(935,968)
Net cash provided by (used for) operating activities	<u>\$ 1,412,382</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	\$ (595,433)
Intergovernmental grants	621,870
Net cash provided by (used for) noncapital financing activities	<u>\$ 26,437</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	\$ (968,073)
Connection fees	7,500
Interest expense	(118,506)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,079,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ (17,413)
Net cash provided by (used for) investing activities	<u>\$ (17,413)</u>
Net increase (decrease) in cash and cash equivalents	\$ 342,327
Cash and cash equivalents - beginning - including restricted of \$1,771,414	2,832,142
Cash and cash equivalents - ending - including restricted of \$1,948,420	<u>\$ 3,174,469</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (124,708)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	\$ 1,173,554
(Increase) decrease in accounts receivable	121,807
(Increase) decrease in due from other governments	222,015
(Increase) decrease in deferred outflows of resources	42,036
Increase (decrease) in customer deposits	25,579
Increase (decrease) in operating accounts payable	39,756
Increase (decrease) in compensated absences	(9,713)
Increase (decrease) in payroll liabilities	(2,054)
Increase (decrease) in deferred inflows of resources	376,293
Increase (decrease) in net pension liability	(438,299)
Increase (decrease) in net OPEB liability	(13,884)
Total adjustments	<u>\$ 1,537,090</u>
Net cash provided by (used for) operating activities	<u>\$ 1,412,382</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, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 1,215,149
Total assets	<u>\$ 1,215,149</u>
LIABILITIES	
Accounts payable	\$ 6,804
Accrued liabilities	1,933
Total liabilities	<u>\$ 8,737</u>
NET POSITION	
Restricted	
AHEDC	\$ 262,857
Social services clients	10,212
Jackson River Vocational Center	317,415
United Fire and Rescue Association	589,165
Held for inmates	26,763
Total net position	<u>\$ 1,206,412</u>

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

County of Alleghany, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds
ADDITIONS	
Contributions and grants	\$ 1,558,214
Deposits from inmates	210,256
Revenue from the use of money	(7,248)
Miscellaneous	208,036
Total additions	<u>\$ 1,969,258</u>
DEDUCTIONS	
Education expenses	\$ 1,595,321
Human & Leisure expenses	822
Special welfare payments	59,621
United Fire expenses	8,871
Alleghany Highlands Economic Development payments	246,185
Inmate refunds	208,933
Total deductions	<u>\$ 2,119,753</u>
Net increase (decrease) in fiduciary net position	\$ (150,495)
Net position, beginning of year	1,356,907
Net position, end of year	<u><u>\$ 1,206,412</u></u>

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1-Summary of Significant Accounting Policies:

The financial statements of the County conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The County of Alleghany, Virginia is a municipal corporation governed by an elected seven-member Board of Supervisors. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

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

The Alleghany 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, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

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

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

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

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

Remainder of this page left blank intentionally.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditure on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following fund types:

Fiduciary funds (Custodial Funds) account for assets held by the government in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds include the Special Welfare, Human and Leisure Service, Jackson River Vocational Center, United Fire and Rescue Association, AHEDC, and Inmate Fund.

The School Board reports the following major fund types:

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

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

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

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

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

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

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

Remainder of this page left blank intentionally.

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

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

1. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments totaling \$1,051,752 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

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

3. Receivables and Payables

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$206,960 at June 30, 2022 and is comprised of \$111,125 in property taxes and \$95,835 in water and sewer billings.

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

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

6. Use of Estimates

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

7. Inventories

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

8. Capital Assets

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

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

Remainder of this page left blank intentionally.

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

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

8. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20 - 40
Structures, lines, and accessories	20 - 65
Machinery and equipment	5 - 12
Lease assets	
Machinery and equipment	2 - 3

9. Compensated Absences

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

10. Pensions

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

Remainder of this page left blank intentionally.

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

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

11. Other Postemployment Benefits (OPEB)

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

12. Long-term Obligations

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

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

13. Fund Balance

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

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

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

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

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

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

13. Fund Balance (Continued)

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

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

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

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

14. Net Position

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

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

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

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

14. Net Position (Continued)

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

15. Net Position Flow Assumption

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

16. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

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

Remainder of this page left blank intentionally.

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

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

17. Leases

The County and School Board lease various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Lessor

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

Key Estimates and Judgements

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

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

17. Leases (Continued)

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

Note 2-Stewardship, Compliance, and Accountability:

- A. Budgetary information

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All non-fiduciary funds have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The School Operating Fund is integrated only at the level of legal adoption.
5. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only the Board of Supervisors can revise the appropriation for each fund. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. The County's practice is to appropriate Capital Projects by Project. Several supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the County's accounting system.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

B. Excess of expenditures over appropriations

At June 30, 2022, there were no funds that exceeded appropriations.

C. Deficit fund balance

At June 30, 2022, there were no funds with deficit fund balance.

Note 3-Deposits and Investments:

Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). In addition, local governments can investment funds in corporate notes that have received at least two of the following ratings: (i) at least Aa by Moody's Investors Service, Inc.; (ii) at least AA by Standard and Poor's; or (iii) at least AA by Fitch Ratings, Inc. At year end, the locality was in compliance with the aforementioned requirements.

The investments, as reported in the financial statements as of June 30, 2022, include negotiable certificate of deposits with an original maturity date over three months and have a balance of \$436,660. LGIP and money market funds are reported in the accompanying financial statements as cash and cash equivalents.

Credit Risk of Debt Securities

The County has not adopted an investment policy for credit risk. The County's rated debt investments as of June 30, 2022 were rated by Standard and Poor's (S&P) or Moody's and the ratings are presented below using the Standard and Poor's rating scale.

Note 3-Deposits and Investments: (Continued)**Credit Risk of Debt Securities (Continued)**

County's Rated Debt Investments' Values				
Rated Debt Investments	Fair Quality Ratings			
	S&P	Moody's		
	AAAm	Aa1	Aa2	Aaa
Fidelity money market	\$ 1,050,289	\$ -	\$ -	\$ -
LGIP	1,463	-	-	-
Corporate bonds	-	-	-	192,193
Municipal bonds	-	702,924	34,281	47,192
Government agency bonds	-	-	-	1,619,372

External Investment Pools

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

Interest Rate Risk

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

Investment Maturities (in years)			
Investment Type	Fair Value	1 Year	1-5 Years
LGIP	\$ 1,463	\$ 1,463	\$ -
Government agency bonds	1,619,372	200,120	1,419,252
Corporate bonds	192,193	99,963	92,230
Municipal bonds	784,397	158,966	625,431
Certificates of deposit	436,660	104,107	332,553
Totals	\$ 3,034,085	\$ 564,619	\$ 2,469,466

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, 2022**Note 4-Fair Value Measurements:**

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

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

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

The County has the following recurring fair value measurements as of June 30, 2022:

Investment	6/30/2022	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Corporate Bonds	\$ 192,193	\$ 192,193
Municipal Bonds	784,397	784,397
Certificates of Deposit	436,660	436,660
Government Agency Bonds	1,619,372	1,619,372
Money Market Funds	1,050,289	1,050,289

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 5-Due from Other Governmental Units:**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit School Board</u>
Local:			
City of Covington	\$ 34,136	\$ -	\$ -
County of Bath	153,450	-	-
Town of Clifton Forge	-	111,008	-
Commonwealth of Virginia:			
Local sales tax	202,690	-	-
State sales tax	494,812	-	-
Categorical aid, shared expenses	297,127	-	-
Other categorical aid	84,926	-	-
Non-categorical aid	48,818	-	-
Virginia public assistance funds	63,339	-	-
Community Services Authority	329,742	-	-
Federal government:			
Virginia public assistance funds	120,736	-	-
Categorical aid	195,041	-	264,753
	<u>\$ 2,024,817</u>	<u>\$ 111,008</u>	<u>\$ 264,753</u>

Note 6-Transfers and Interfund Obligations:

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 595,433	\$ -
Water and Sewer Fund	-	595,433
Component Unit-School Board:		
School Operating Fund	21,793	199,186
School Activity Fund	199,186	21,793
Total	<u>\$ 816,412</u>	<u>\$ 816,412</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 6-Transfers and Interfund Obligations: (Continued)

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration. At June 30, 2022, there were no interfund balances.

Note 7-Component-Unit Obligations and Contributions:

Primary government contributions to the component unit for the year ended June 30, 2022, consisted of the following:

Component Unit:	
School Board	<u>\$ 12,625,156</u>

At June 30, 2022, there component unit obligations were:

	<u>Due From</u>	<u>Due To</u>
Primary Government	\$ -	\$ 5,658,202
Component Unit - School Board	5,658,202	-

Remainder of this page left blank intentionally.

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations:

Primary Government - Governmental Activities Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2022.

	Balance July 1, 2021	GASBS No. 87 Adjustment	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings and placements:					
General obligation bonds	\$ 1,506,356	\$ -	\$ -	\$ (565,508)	\$ 940,848
Notes payable	-		161,251	-	161,251
Premium on issuance	8,504			(2,540)	5,964
Literary loans	750,000	-	-	(750,000)	-
Financed purchases	8,617,316		-	(278,954)	8,338,362
Lease liabilities	-	1,207,162	17,522	(234,600)	990,084
Compensated absences	342,636	-	223,901	(256,977)	309,560
Net pension liability	7,061,035		4,787,218	(10,074,928)	1,773,325
Net OPEB liability	590,827		147,608	(322,827)	415,608
Total	\$ 18,876,674	\$ 1,207,162	\$ 5,337,500	\$ (12,486,334)	\$ 12,935,002

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2023	\$ 913,609	\$ 252,122	\$ 249,813	\$ 28,948
2024	920,397	225,229	243,197	20,823
2025	927,557	197,957	139,297	13,596
2026	935,142	170,238	101,367	8,338
2027	938,182	142,107	94,109	5,648
2028-2032	3,922,041	396,295	162,301	3,662
2033-2037	889,497	19,583	-	-
Totals	\$ 9,446,425	\$ 1,403,531	\$ 990,084	\$ 81,015

Remainder of this page left blank intentionally.

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Obligations: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
VPSA GO Bond - Series 2006	4.225% to 5.100%	11/1/06	2027	\$ 3,205,141	\$ 940,848	\$ 179,493
Note payable - 2022A	5.60%	3/3/22	2032	3,175,000	161,251	-
Premium on Issuance	n/a	n/a	n/a	n/a	5,964	2,104
Financed purchase	2.4095%	10/5/17	2033	7,640,000	7,115,000	650,000
Financed purchase	3.8359%	3/21/19	2034	1,450,000	1,223,362	82,012
Total Direct Borrowings and Placements					\$ 9,446,425	\$ 913,609
Lease Liabilities:						
Cell Tower Lease ⁽¹⁾	2.00%	6/1/19	2024	\$ 176,039	\$ 71,603	\$ 36,685
Cell Tower Lease ⁽¹⁾	2.00%	7/1/19	2024	176,039	74,622	36,561
Cell Tower Lease ⁽¹⁾	2.00%	7/1/19	2024	176,039	74,622	36,561
Cell Tower Lease ⁽¹⁾	3.50%	10/1/18	2029	296,621	210,409	27,447
Cell Tower Lease ⁽¹⁾	3.00%	12/1/18	2029	278,283	201,324	26,260
Cell Tower Lease ⁽¹⁾	1.50%	7/1/20	2030	194,861	159,149	18,445
Cell Tower Lease ⁽¹⁾	3.00%	7/1/18	2023	70,963	15,947	15,947
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	24,122	6,847
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	24,122	6,847
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	24,122	6,847
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	24,122	6,847
Vehicle ⁽¹⁾	7.02%	10/1/20	2026	35,214	24,122	6,847
Vehicle ⁽¹⁾	9.89%	8/1/20	2026	24,800	16,566	4,832
Vehicle ⁽¹⁾	9.47%	8/1/20	2026	25,997	17,310	5,073
Copiers ⁽¹⁾	0.73%	3/1/20	2025	21,500	11,558	4,307
Postage Machine	0.73%	3/1/22	2028	17,522	16,364	3,460
Total Lease Liabilities					\$ 990,084	\$ 249,813
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	309,560	232,170
Net Pension Liability	n/a	n/a	n/a	n/a	1,773,325	-
Net OPEB Liability	n/a	n/a	n/a	n/a	415,608	-
Total Other Obligations					\$ 2,498,493	\$ 232,170
Total Long-term obligations					\$ 12,935,002	\$ 1,395,592

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 8-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Obligations: (Continued)**

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

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

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

Primary Government - Business-type Activities:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2022.

	<u>Balance July 1, 2021</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2022</u>
Direct borrowings and placements:				
Revenue bonds	\$ 10,759,318	\$ -	\$ (968,073)	\$ 9,791,245
Compensated absences	78,823	49,404	(59,117)	69,110
Net pension liability	589,536	420,934	(859,233)	151,237
Net OPEB liability	49,329	13,648	(27,532)	35,445
Total	<u>\$ 11,477,006</u>	<u>\$ 483,986</u>	<u>\$ (1,913,955)</u>	<u>\$ 10,047,037</u>

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (Continued)Primary Government - Business-type Activities: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements	
	Principal	Interest
2023	\$ 836,521	\$ 114,682
2024	706,404	109,423
2025	711,781	104,046
2026	700,224	98,675
2027	705,332	93,567
2028-2032	3,010,897	387,171
2033-2037	1,789,855	241,219
2038-2042	600,374	120,589
2043-2047	426,071	59,186
2048-2052	303,786	11,759
Totals	\$ 9,791,245	\$ 1,340,317

Remainder of this page left blank intentionally.

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 8-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities: (Continued)

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
Revenue Bonds						
Rural Development Bond	4.50%	2/13/01	2039	\$ 463,000	\$ 285,159	\$ 12,098
Rural Development Bond	2.25%	11/9/10	2051	2,429,000	1,994,329	50,962
VRA Bond	0.00%	12/8/10	2020	4,385,649	2,192,823	219,282
VRA Bond	3.00%	10/18/12	2044	563,500	427,916	15,590
VRA Bond	0.00%	12/13/00	2023	1,759,875	135,375	135,375
VRA Bond	1.45%	10/22/15	2038	3,733,313	2,961,735	178,227
VRA Bond	3.00%	2/1/05	2032	248,548	48,222	15,598
VRA Bond	0.00%	2/28/07	2029	3,408,175	1,107,658	170,409
VRA Bond*	0.00%	2/11/20	2041	779,606	638,028	38,980
Total Revenue Bonds					<u>\$ 9,791,245</u>	<u>\$ 836,521</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 69,110	\$ 51,833
Net Pension Liability	n/a	n/a	n/a	n/a	151,237	-
Net OPEB Liability	n/a	n/a	n/a	n/a	35,445	-
Total Other Obligations					<u>\$ 255,792</u>	<u>\$ 51,833</u>
Total Long-term obligations					<u>\$ 10,047,037</u>	<u>\$ 888,354</u>

*As of June 30, 2022, only \$696,498 has been drawn down.

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

VRA bonds require that the County maintain a debt service coverage ratio of at least 1.15. For the year ending June 30, 2022, the County was in compliance with this requirement.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 9-Long-term Obligations-Component Unit School Board:Discretely Presented Component Unit-School Board-Obligations:

The following is a summary of long-term obligation transactions of the Component Unit School Board for the year ended June 30, 2022.

	Balance July 1, 2021	GASBS No. 87 Adjustment	Increases	Decreases	Balance June 30, 2022
Lease liabilities	\$ -	\$ 5,926	\$ 78,772	\$ (26,299)	\$ 58,399
Compensated absences	270,901	-	159,868	(203,176)	227,593
Net OPEB liabilities	4,258,758	-	986,768	(1,217,494)	4,028,032
Net pension liabilities	19,648,801	-	6,602,063	(16,416,572)	9,834,292
Total	\$ 24,178,460	\$ 5,926	\$ 7,827,471	\$ (17,863,541)	\$ 14,148,316

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

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 28,610	\$ 148
2024	28,701	57
2025	1,088	3
Totals	\$ 58,399	\$ 208

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 9-Long-term Obligations-Component Unit School Board: (Continued)****Discretely Presented Component Unit-School Board-Obligations: (Continued)****Details of long-term obligations:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Lease liabilities:						
Copier Lease	0.30%	8/1/21	2024	\$ 78,772	\$ 54,076	\$ 26,997
Postage Lease ⁽¹⁾	0.61%	3/5/20	2025	8,065	4,323	1,613
Total lease liabilities					\$ 58,399	\$ 28,610
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 227,593	\$ 170,695
Net Pension Liability	n/a	n/a	n/a	n/a	9,834,292	-
Net OPEB Liabilities	n/a	n/a	n/a	n/a	4,028,032	-
Total Other Obligations					\$ 14,089,917	\$ 170,695
Total Long-term obligations					\$ 14,148,316	\$ 199,305

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

Remainder of this page left blank intentionally.

Note 10-Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of the public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities whose financial information is not included in the primary government report participate in the VRS plan through the County of Alleghany and the participating entities report their proportionate information on the basis of a cost-sharing plan.

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

Benefit Structures

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

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

Note 10-Pension Plans: (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 12.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,003,702 and \$971,412 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability

At June 30, 2022, the County reported a liability of \$1,924,562 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Contributions as of June 30, 2021 and 2020 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2021 and 2020, the County's proportion was 99.3873% and 98.0809%, respectively.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Alleghany County's Retirement Plan and the Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (Continued)***Actuarial Assumptions - General Employees (Continued)***

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Alleghany County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Note 10-Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Remainder of this page left blank intentionally.

Note 10-Pension Plans: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

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

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

Remainder of this page left blank intentionally.

Note 10-Pension Plans: (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)*****Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$ 7,599,033	\$ 1,924,562	\$ (2,775,326)

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

For the year ended June 30, 2022, the County recognized pension expense of \$388,748. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 233,438	\$ 223,839
Changes in assumptions	1,217,406	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	75,357	-
Net difference between projected and actual earnings on pension plan investments	-	4,672,742
Employer contributions subsequent to the measurement date	1,003,702	-
Total	<u>\$ 2,529,903</u>	<u>\$ 4,896,581</u>

\$1,003,702 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government
2023	\$ (436,575)
2024	(628,731)
2025	(888,118)
2026	(1,416,956)

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)*****Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Nonprofessional)

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	85
Inactive members:	
Vested inactive members	11
Non-vested inactive members	18
Inactive members active elsewhere in VRS	9
Total inactive members	38
Active members	79
Total covered employees	202

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 4.56% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)**

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$74,466 and \$72,723 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Changes in Net Pension Liability (Asset)

	Component Unit-School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 11,007,503	\$ 10,642,387	\$ 365,116
Changes for the year:			
Service cost	\$ 186,429	\$ -	\$ 186,429
Interest	719,782	-	719,782
Changes of assumptions	405,224	-	405,224
Differences between expected and actual experience	(119,769)	-	(119,769)
Contributions - employer	-	72,723	(72,723)
Contributions - employee	-	85,971	(85,971)
Net investment income	-	2,854,356	(2,854,356)
Benefit payments	(688,136)	(688,136)	-
Administrative expenses	-	(7,425)	7,425
Other changes	-	266	(266)
Net changes	\$ 503,530	\$ 2,317,755	\$ (1,814,225)
Balances at June 30, 2021	\$ 11,511,033	\$ 12,960,142	\$ (1,449,109)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Asset	\$ (250,481)	\$ (1,449,109)	\$ (2,468,066)

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized pension expense of \$(138,927). At June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,813	\$ 72,801
Changes of assumptions	246,313	-
Net difference between projected and actual earnings on pension plan investments	-	1,407,374
Employer contributions subsequent to the measurement date	74,466	-
Total	\$ 330,592	\$ 1,480,175

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)***

\$74,466 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (206,596)
2024	(258,784)
2025	(327,848)
2026	(430,821)

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,865,756 and \$1,793,222 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payments was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the school division reported a liability of \$9,834,292 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021 the school division's proportion was 0.12668% as compared to 0.13250% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$(597,629). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 837,626
Net difference between projected and actual earnings on pension plan investments	-	6,197,307
Changes of assumptions	1,722,942	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,593,793
Employer contributions subsequent to the measurement date	1,865,756	-
Total	<u>\$ 3,588,698</u>	<u>\$ 8,628,726</u>

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

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

\$1,865,756 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Component Unit School Board (professional)</u>
2023	\$ (1,874,829)
2024	(1,564,919)
2025	(1,546,798)
2026	(1,919,378)
2027	140

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 10-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Remainder of this page left blank intentionally.

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

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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

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

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

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

			Rate		
	1% Decrease (5.75%)		Current Discount (6.75%)		1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 18,979,651		\$ 9,834,292		\$ 2,311,013

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 10-Pension Plans: (Continued)****Component Unit School Board (Professional) (Continued)*****Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

The following is a summary of deferred outflows, deferred inflows, net pension liabilities (asset), and pension expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 2,529,903	\$ 4,896,581	\$ 1,924,562	\$ 388,748	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	330,592	1,480,175	(1,449,109)	(138,927)
School Board Professional	-	-	-	-	3,588,698	8,628,726	9,834,292	(597,629)
Totals	\$ 2,529,903	\$ 4,896,581	\$ 1,924,562	\$ 388,748	\$ 3,919,290	\$ 10,108,901	\$ 8,385,183	\$ (736,556)

Note 11-Other Postemployment Benefits - Health Insurance:**Component Unit School Board:*****Plan Description***

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

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Component Unit School Board: (Continued)

Benefits Provided

The Component Unit School Board administers a single-employer healthcare plan (“the Plan”). The Plan provides for participation by eligible retirees of the School Board and their dependents in the health insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health insurance offered by the School Board. An eligible School Board retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have a minimum of 15 years of service with the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through School Board action.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

Total active employees	316
Total retirees	15
Total spouses of retirees	<u>5</u>
Total	<u><u>336</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Component Unit School Board. The amount paid by the Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2022 was \$121,887.

Total OPEB Liability

The Component Unit School Board’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Component Unit School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2021 2.50% per year as of June 30, 2022
Salary Increases	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Discount Rate	2.16% as of June 30, 2021 3.54% as of June 30, 2022

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

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

Discount Rate

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

Remainder of this page left blank intentionally.

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

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$	1,363,623
Changes for the year:		
Service cost		54,250
Interest		29,317
Effect of economic/demographic gains or losses		(20,865)
Effect of assumptions changes or inputs		288,394
Benefit payments		(121,887)
Net changes		229,209
Balances at June 30, 2022	\$	1,592,832

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

The following amounts present the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
\$ 1,695,014	\$ 1,592,832	\$ 1,494,805

Remainder of this page left blank intentionally.

Note 11-Other Postemployment Benefits - Health Insurance: (Continued)**Component Unit School Board: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50% decreasing to an ultimate rate of 2.90%) or one percentage point higher (6.50% decreasing to an ultimate rate of 4.90%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (4.50% decreasing to 2.90%)	Trend (5.50% decreasing to 3.90%)	1% Increase (6.50% decreasing to 4.90%)
\$ 1,436,078	\$ 1,592,832	\$ 1,773,748

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

For the year ended June 30, 2022, the Component Unit School Board recognized OPEB expense in the amount of \$111,469. At June 30, 2022, the Component Unit School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 99,541
Changes in assumptions	295,359	-
Total	\$ 295,359	\$ 99,541

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

Year Ended June 30	
2023	\$ 25,884
2024	25,879
2025	41,158
2026	41,158
2027	41,158
Thereafter	20,581

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

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Remainder of this page left blank intentionally.

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Plan from the County were \$44,835 and \$43,192 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were \$10,423 and \$10,297 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board (professional) were \$62,949 and \$60,403 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

County of Alleghany, Virginia GLI Plan

At June 30, 2022, the entity reported a liability of \$451,053 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0388% as compared to 0.0384% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$19,621. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Remainder of this page left blank intentionally.

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

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

Component Unit School Board (nonprofessional) GLI Plan

At June 30, 2022, the entity reported a liability of \$105,483 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0091% as compared to 0.0093% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$1,864. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (professional) GLI Plan

At June 30, 2022, the entity reported a liability of \$630,337 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.0541% as compared to 0.0562% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$(4,634). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)		Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,444	\$ 3,437	\$ 12,031	\$ 804	\$ 71,892	\$ 4,803
Net difference between projected and actual earnings on GLI OPEB plan investments	-	107,656	-	25,177	-	150,448
Change in assumptions	24,867	61,714	5,815	14,432	34,750	86,243
Changes in proportionate share	13,675	20,325	-	7,983	-	91,587
Employer contributions subsequent to the measurement date	44,835	-	10,423	-	62,949	-
Total	\$ 134,821	\$ 193,132	\$ 28,269	\$ 48,396	\$ 169,591	\$ 333,081

\$44,835, \$10,423, and \$62,949 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)	Component Unit School Board (professional)
2023	\$ (21,078)	\$ (7,654)	\$ (61,510)
2024	(17,424)	(6,483)	(50,805)
2025	(20,941)	(5,741)	(41,582)
2026	(36,625)	(8,668)	(57,624)
2027	(7,078)	(2,004)	(14,918)

Remainder of this page left blank intentionally.

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Remainder of this page left blank intentionally.

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Note 12-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 659,004	\$ 451,053	\$ 283,122
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 154,115	\$ 105,483	\$ 66,211
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 920,945	\$ 630,337	\$ 395,658

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

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher HIC Plan were \$140,947 and \$135,185 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the school division reported a liability of \$1,620,635 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.1263% as compared to 0.1392% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$80,630. Since there was a change in proportionate share measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)*****Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)***

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 28,280
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	21,349
Change in assumptions	43,809	6,513
Change in proportionate share	-	212,018
Employer contributions subsequent to the measurement date	<u>140,947</u>	<u>-</u>
Total	\$ <u><u>184,756</u></u>	\$ <u><u>268,160</u></u>

\$140,947 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (53,340)
2024	(53,583)
2025	(48,584)
2026	(35,249)
2027	(19,306)
Thereafter	(14,289)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 13-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions: (Continued)****Mortality Rates - Teachers: (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee Net HIC OPEB Liability (Asset)	\$ <u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 1,824,386	\$ 1,620,635	\$ 1,448,213

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Remainder of this page left blank intentionally.

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)***Employees Covered by Benefit Terms***

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members:	
Vested inactive members	8
Active members	79
Total covered employees	<u>87</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Component Unit School Board's (nonprofessional) contractually required employer contribution rate for the year ended June 30, 2022 was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Component Unit School Board (nonprofessional) to the HIC Plan were \$11,954 and \$11,584 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY2021.

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Remainder of this page left blank intentionally.

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)*****Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)****Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 109,254	\$ 28,278	\$ 80,976
Changes for the year:			
Service cost	\$ 3,957	\$ -	\$ 3,957
Interest	7,185	-	7,185
Differences between expected and actual experience	3,913	-	3,913
Assumption changes	2,533	-	2,533
Contributions - employer	-	11,584	(11,584)
Net investment income	-	8,350	(8,350)
Benefit payments	(5,616)	(5,616)	-
Administrative expenses	-	(115)	115
Net changes	\$ 11,972	\$ 14,203	\$ (2,231)
Balances at June 30, 2021	\$ 121,226	\$ 42,481	\$ 78,745

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)*****Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability	\$ 93,165	\$ 78,745	\$ 66,456

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

For the year ended June 30, 2022, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$23,439. At June 30, 2022, the Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to the Component Unit School Board's (nonprofessional) HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,848	\$ 11,840
Net difference between projected and actual earnings on HIC OPEB plan investments	-	4,293
Change in assumptions	3,434	-
Employer contributions subsequent to the measurement date	11,954	-
Total	\$ 52,236	\$ 16,133

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 14-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (Continued)***

\$11,954 reported as deferred outflows of resources related to the HIC OPEB resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$	14,290
2024		12,503
2025		(3,049)
2026		(646)
2027		1,051

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15-Aggregate Other Postemployment Benefits Information:

The following is a summary of deferred outflows, deferred inflows, net other postemployment benefits liabilities, and other postemployment benefits expense for the year ended June 30, 2022.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Plan								
County	\$ 134,821	\$ 193,132	\$ 451,053	\$ 19,621	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	28,269	48,396	105,483	1,864
School Board Professional	-	-	-	-	169,591	333,081	630,337	(4,634)
Health Insurance Credit Plan	-	-	-	-	52,236	16,133	78,745	23,439
Teacher Health Insurance Credit Plan	-	-	-	-	184,756	268,160	1,620,635	80,630
School Stand-Alone Plan	-	-	-	-	295,359	99,541	1,592,832	111,469
Totals	\$ 134,821	\$ 193,132	\$ 451,053	\$ 19,621	\$ 730,211	\$ 765,311	\$ 4,028,032	\$ 212,768

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

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$46,624.

Remainder of this page left blank intentionally.

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Capital Assets:

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government:

	Beginning Balance	GASBS No. 87 Adjustment	Increases	Decreases ⁽¹⁾	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,585,209	\$ -	\$ -	\$ (1,430,581)	\$ 2,154,628
Construction in progress	548,469	-	798,587	(769,329)	577,727
Total capital assets not being depreciated	\$ 4,133,678	\$ -	\$ 798,587	\$ (2,199,910)	\$ 2,732,355
Capital assets, being depreciated:					
Buildings and improvements	\$ 36,889,858	\$ -	\$ 37,710	\$ (18,929,437)	\$ 17,998,131
Land improvements	2,932,411	-	-	-	2,932,411
Machinery and equipment	15,707,902	-	1,465,093	(119,346)	17,053,649
Total capital assets being depreciated	\$ 55,530,171	\$ -	\$ 1,502,803	\$ (19,048,783)	\$ 37,984,191
Accumulated depreciation:					
Buildings and improvements	\$ (21,025,380)	\$ -	\$ (646,854)	\$ 9,702,324	\$ (11,969,910)
Land improvements	(214,497)	-	(81,741)	-	(296,238)
Machinery and equipment	(5,652,713)	-	(2,201,109)	119,346	(7,734,476)
Total accumulated depreciation	\$ (26,892,590)	\$ -	\$ (2,929,704)	\$ 9,821,670	\$ (20,000,624)
Total capital assets being depreciated, net	\$ 28,637,581	\$ -	\$ (1,426,901)	\$ (9,227,113)	\$ 17,983,567
Leased assets, being amortized:					
Machinery and equipment	\$ -	\$ 1,207,162	\$ 17,522	\$ -	\$ 1,224,684
Total leased assets being amortized	\$ -	\$ 1,207,162	\$ 17,522	\$ -	\$ 1,224,684
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (260,086)	\$ -	\$ (260,086)
Total accumulated amortization	\$ -	\$ -	\$ (260,086)	\$ -	\$ (260,086)
Total leased assets being amortized, net	\$ -	\$ 1,207,162	\$ (242,564)	\$ -	\$ 964,598
Governmental activities capital assets, net	\$ 32,771,259	\$ 1,207,162	\$ (870,878)	\$ (11,427,023)	\$ 21,680,520

⁽¹⁾Current year deletions include the transfer of land and building with a net book value of \$614,878 and \$9,227,113, respectively, (total cost of \$19,544,315 and accumulated depreciation of \$9,702,324) from the County to the School Board.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 17-Capital Assets: (Continued)**

Primary Government: (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 88,980	\$ -	\$ -	\$ 88,980
Total capital assets not being depreciated	<u>\$ 88,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,980</u>
Capital assets, being depreciated:				
Infrastructure	\$ 57,343,296	\$ -	\$ -	\$ 57,343,296
Machinery and equipment	802,882	-	-	802,882
Total capital assets being depreciated	<u>\$ 58,146,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,146,178</u>
Accumulated depreciation:				
Infrastructure	\$ (17,113,985)	\$ (1,142,891)	\$ -	\$ (18,256,876)
Machinery and equipment	(562,286)	(30,663)	-	(592,949)
Total accumulated depreciation	<u>\$ (17,676,271)</u>	<u>\$ (1,173,554)</u>	<u>\$ -</u>	<u>\$ (18,849,825)</u>
Total capital assets being depreciated, net	<u>\$ 40,469,907</u>	<u>\$ (1,173,554)</u>	<u>\$ -</u>	<u>\$ 39,296,353</u>
Business-type activities capital assets, net	<u>\$ 40,558,887</u>	<u>\$ (1,173,554)</u>	<u>\$ -</u>	<u>\$ 39,385,333</u>

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

Governmental activities:

General government administration	\$ 594,517
Judicial administration	13,477
Public safety	2,262,217
Public works	97,081
Health and welfare	65,883
Education	74,678
Parks, recreation, and cultural	81,937
Total depreciation/amortization expense-governmental activities	<u>\$ 3,189,790</u>

Business-type activities:

Water and sewer fund	<u>\$ 1,173,554</u>
Total depreciation expense-primary government	<u>\$ 4,363,344</u>

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 17-Capital Assets: (Continued)

Capital asset activity for the School Board for the year ended June 30, 2022 was as follows:

Discretely Presented Component Unit:

	Balance	Adjustment	Increases ⁽¹⁾	Decreases	Balance
Capital assets, not being depreciated:					
Land	\$ 1,019,216	\$ -	\$ 614,878	\$ -	\$ 1,634,094
Total capital assets not being depreciated	\$ 1,019,216	\$ -	\$ 614,878	\$ -	\$ 1,634,094
Capital assets, being depreciated:					
Buildings and improvements	\$ 16,418,302	\$ -	\$ 18,935,312	\$ -	\$ 35,353,614
Machinery and equipment	8,299,129	-	645,497	-	8,944,626
Total capital assets being depreciated	\$ 24,717,431	\$ -	\$ 19,580,809	\$ -	\$ 44,298,240
Accumulated depreciation:					
Buildings and improvements	\$ (9,671,434)	\$ -	\$ (10,713,579)	\$ -	\$ (20,385,013)
Machinery and equipment	(4,970,883)	-	(599,196)	-	(5,570,079)
Total accumulated depreciation	\$ (14,642,317)	\$ -	\$ (11,312,775)	\$ -	\$ (25,955,092)
Total capital assets being depreciated, net	\$ 10,075,114	\$ -	\$ 8,268,034	\$ -	\$ 18,343,148
Leased assets, being amortized:					
Machinery and equipment	\$ -	\$ 5,926	\$ 78,772	\$ -	\$ 84,698
Total leased assets being amortized	\$ -	\$ 5,926	\$ 78,772	\$ -	\$ 84,698
Accumulated amortization:					
Machinery and equipment	\$ -	\$ -	\$ (26,264)	\$ -	\$ (26,264)
Total accumulated amortization	\$ -	\$ -	\$ (26,264)	\$ -	\$ (26,264)
Total leased assets being amortized, net	\$ -	\$ 5,926	\$ 52,508	\$ -	\$ 58,434
School Board capital assets, net	\$ 11,094,330	\$ 5,926	\$ 8,935,420	\$ -	\$ 20,035,676

⁽¹⁾Current year additions include the transfer of land and building with a net book value of \$614,878 and \$9,227,113, respectively, (total cost of \$19,544,315 and accumulated depreciation of \$9,702,324) from the County to the School Board.

Remainder of this page left blank intentionally.

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 18-Leases Receivable:

General Fund:

The following is a summary of leases receivable transactions of the County for the year ended June 30, 2022:

	Beginning Balance	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ -	\$ 96,798	\$ 446,327	\$ (42,710)	\$ 500,415	\$ 7,555

Lease revenue recognized during the fiscal year was \$70,642.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Building	9/1/2021	6/30/2027	Monthly	2.00%	\$ 410,554	\$ 71,156
Building	10/1/2004	9/30/1934	Annually	1.17%	89,861	7,019
Total					\$ 500,415	\$ 78,175

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

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

School Operating Fund:

The following is a summary of leases receivable transactions of the School Board for the year ended June 30, 2022:

	Beginning Balance	GASBS No. 87 Implementation	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ -	\$ 41,768	\$ -	\$ (17,267)	\$ 24,501	\$ 913

Lease revenue recognized during the fiscal year was \$17,873.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Cell Tower	11/1/2018	10/31/2023	Monthly	3.00%	\$ 24,501	\$ 18,238
Total					\$ 24,501	\$ 18,238

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

*Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 19-Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 638,547
Prepaid property taxes due after June 30 but paid in advance by taxpayers	22,962	22,962
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	240,691
	<u>\$ 22,962</u>	<u>\$ 902,200</u>

Note 20-Risk Management:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022**Note 21-Commitments and Contingencies:**

Federal programs in which the County and its component unit participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this regulation all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

The County was involved in major construction projects during the fiscal year as presented below, along with the anticipated funding source.

Project	Contract Amount	Contract Amount Outstanding at June 30, 2022	Funding Source
Jackson River Trail - Phase 5	\$ 1,414,095	\$ 1,244,460	Local Funds
Wrightsville Community Infrastructure Improvements	570,565	364,642	Federal Funds

Note 22-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland - Surety:

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

Virginia Association of Counties Group Self Insurance Risk Pool:

County Administrator's Employees	\$ 250,000
----------------------------------	------------

Component Unit School Board:

VACoRP:

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

Note 23-Litigation:

At June 30, 2022, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable.

Note 24-Tax Abatements:

The County entered into an economic incentive tax abatement agreement with Love's Travel Stops & Country Stores (Love's) in June of 2015 in accordance with the *Code of Virginia, 1950 as amended*. Terms of the agreement require the County to remit the aggregate sum of all real estate, personal property, sales and meals taxes collected from Love's to the Industrial Development Authority of Alleghany County (IDA) within three months of the end of each calendar year for a period of ten years or until the taxes remitted reach \$907,488. The IDA will subsequently transfer funds received from the County to Love's. Terms of the agreement require Love's to invest \$8,500,000 in site improvements and employ 31 individuals (working at least 30 hours per week) with a cumulative hourly wage of not less than \$9.00 per hour plus benefits. Taxes remitted under the agreement are prorated if the aforementioned targets are not achieved by Love's. A complete copy of the tax abatement agreement is maintained at the County Offices. For the year ending, June 30, 2022, no amounts were due under the agreement as capital investment thresholds in the agreement have not been achieved.

The County entered into an economic incentive tax abatement agreement with Westrock Virginia, LLC (Westrock) in January of 2021 in accordance with the *Code of Virginia, 1950 as amended*. Terms of the agreement require the County to remit the machinery and tools taxes collected from Westrock to the Industrial Development Authority of Alleghany County (IDA) no later than November 1 of the year following the due date of the tax payments. The IDA will subsequently transfer funds received from the County to Westrock. Terms of the agreement required Westrock to invest \$119,000,000 of gross new capital investment as of the performance date of January 1, 2021, which Westrock has met. The terms of this agreement will grant the following:

- In calendar year 2021, a grant in the amount equivalent to 70% of net new machinery and tools tax paid on the new machinery for calendar year 2020. The sum is currently expected to be approximately \$577,000.
- In calendar year 2022, a grant in the amount equivalent to 40% of net new machinery and tools tax paid on the new machinery for calendar year 2021. The sum is currently expected to be approximately \$330,000.
- In calendar year 2023, a grant in the amount equivalent to 20% of net new machinery and tools tax paid on the new machinery for calendar year 2022. The sum is currently expected to be approximately \$165,000.

A complete copy of the tax abatement agreement is maintained at the County Offices. For the year ending, June 30, 2022, capital investment thresholds in the agreement have been achieved and \$856,016 was remitted to Westrock.

Remainder of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 25-Adoption of Accounting Principle:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* required recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases.

	Governmental Activities	Component Unit School Board	General Fund
GASBS No. 87 Implementation Adjustments:			
Lessee activity:			
Lease assets	\$ 1,207,162	\$ 5,926	n/a
Lease liabilities	\$ 1,207,162	\$ 5,926	n/a
Lessor activity:			
Lease receivable	\$ 96,798	\$ 41,768	\$ 96,798
Deferred inflows of resources-leases	\$ 96,798	\$ 41,768	\$ 96,798

Note 26-Special Items:

On June 30, 2022, Alleghany County School Board (ACSB) ceased formal operations with the creation of the Alleghany Highlands Public School Board. The Alleghany Highlands Public School Board (AHPS) is a joint School Board that will serve the citizens of the City of Covington and the County of Alleghany going forward. The ACSB transferred \$2,488,892 to the AHPS as seed money for the new Organization. The ACSB also returned funds of \$6,153,014 to Alleghany County, such funds represent a return of prior contributions by the County. These items are presented in the accompanying financial statements as special items. The books of the Alleghany County School Board remain open after year end to wind down operations and distribute any final proceeds once all bills of the Organization are paid. It is anticipated that the books will be closed during the 2022/2023 fiscal year and final distributions will be made during same.

Note 27-Subsequent Event:**ESF Funding**

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 28-Upcoming Pronouncements:

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

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

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

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

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

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

Required Supplementary Information

County of Alleghany, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 17,951,000	\$ 17,951,000	\$ 18,276,916	\$ 325,916
Other local taxes	2,885,000	2,885,000	3,476,422	591,422
Permits, privilege fees, and regulatory licenses	46,300	46,300	75,607	29,307
Fines and forfeitures	52,000	52,000	42,697	(9,303)
Revenue from the use of money and property	107,501	149,973	(42,059)	(192,032)
Charges for services	968,360	1,295,608	1,157,581	(138,027)
Miscellaneous	119,369	119,369	101,765	(17,604)
Recovered costs	2,250,420	2,281,480	1,881,474	(400,006)
Intergovernmental	13,777,830	15,778,735	17,085,051	1,306,316
Total revenues	\$ 38,157,780	\$ 40,559,465	\$ 42,055,454	\$ 1,495,989
EXPENDITURES				
Current:				
General government administration	\$ 2,667,208	\$ 4,542,453	\$ 2,630,666	\$ 1,911,787
Judicial administration	2,181,284	2,192,202	1,959,014	233,188
Public safety	8,405,580	8,743,153	8,405,695	337,458
Public works	3,363,788	4,323,779	3,890,740	433,039
Health and welfare	5,136,053	5,519,191	5,339,183	180,008
Education*	11,528,160	11,528,160	12,634,386	(1,106,226)
Parks, recreation, and cultural	1,973,241	2,981,633	1,058,120	1,923,513
Community development	993,327	2,060,476	1,945,732	114,744
Nondepartmental	29,500	751,144	24,999	726,145
Capital projects	-	5,471,366	1,380,964	4,090,402
Debt service:				
Principal retirement	1,867,377	1,840,776	1,829,062	11,714
Interest and other fiscal charges	412,659	412,659	318,910	93,749
Bond issuance costs	-	-	50,570	(50,570)
Total expenditures	\$ 38,558,177	\$ 50,366,992	\$ 41,468,041	\$ 8,898,951
Excess (deficiency) of revenues over (under) expenditures	\$ (400,397)	\$ (9,807,527)	\$ 587,413	\$ 10,394,940
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,210	\$ 3,210	\$ 595,433	\$ 592,223
Transfers out	-	(140,374)	-	140,374
Issuance of notes payable	-	159,751	161,251	1,500
Issuances of leases	-	-	17,522	17,522
Sale of capital assets	1,850	1,850	2,150	300
Total other financing sources (uses)	\$ 5,060	\$ 24,437	\$ 776,356	\$ 751,919
SPECIAL ITEM				
Return of residual balances from School Board	\$ -	\$ -	\$ 6,153,014	\$ 6,153,014
Net change in fund balances	\$ (395,337)	\$ (9,783,090)	\$ 7,516,783	\$ 17,299,873
Fund balances - beginning	395,337	9,783,090	13,796,059	4,012,969
Fund balances - ending	\$ -	\$ -	\$ 21,312,842	\$ 21,312,842

* Sales tax collected and remitted to the School Board exceeded budgeted amounts by \$1.1 million. Same is not subject to appropriation. In addition, bond issuance cost are not subject to appropriation.

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, 2022

	Special Law Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue (loss) from the use of money and property	\$ 500	\$ 500	\$ (3,733)	\$ (4,233)
Miscellaneous	53,000	53,000	66,942	13,942
Total revenues	<u>\$ 53,500</u>	<u>\$ 53,500</u>	<u>\$ 63,209</u>	<u>\$ 9,709</u>
EXPENDITURES				
Current:				
Public safety	\$ 53,500	\$ 53,500	\$ 45,693	\$ 7,807
Total expenditures	<u>\$ 53,500</u>	<u>\$ 53,500</u>	<u>\$ 45,693</u>	<u>\$ 7,807</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,516</u>	<u>\$ 17,516</u>
Net change in fund balances	\$ -	\$ -	\$ 17,516	\$ 17,516
Fund balances - beginning	-	-	310,169	310,169
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,685</u>	<u>\$ 327,685</u>

County of Alleghany, Virginia
Schedule of Employer's Proportionate Share of the Net Pension Liability
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government - County Retirement Plan					
2021	99.3873%	\$ 1,924,562	\$ 7,997,699	24.06%	95.73%
2020	98.0809%	7,650,571	7,893,134	96.93%	81.69%
2019	98.0921%	5,473,387	7,694,730	71.13%	86.20%
2018	98.1550%	4,726,291	7,680,737	61.53%	87.40%
2017	98.0210%	4,742,655	7,149,766	66.33%	86.70%
2016	98.5707%	6,624,002	6,810,317	97.26%	80.95%
2015	99.6400%	6,769,225	6,838,216	98.99%	80.70%
2014	99.6400%	6,554,832	6,909,250	94.87%	80.72%
Component Unit School Board (professional)					
2021	0.12668%	\$ 9,834,292	11,163,729	88.09%	85.46%
2020	0.13250%	19,283,685	11,557,177	166.85%	71.47%
2019	0.13684%	18,008,921	11,395,714	158.03%	73.51%
2018	0.14099%	16,581,000	11,333,472	146.30%	74.81%
2017	0.14904%	18,329,000	11,675,097	156.99%	72.92%
2016	0.15496%	21,716,000	11,761,955	184.63%	68.28%
2015	0.16061%	20,215,000	11,937,215	169.34%	70.68%
2014	0.16831%	20,340,000	12,304,443	165.31%	70.88%

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

County of Allegheny, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)

		For the Measurement Dates of June 30, 2014 through June 30, 2021							
		Pension Plans							
		2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost		\$ 186,429	\$ 189,663	\$ 181,942	\$ 186,960	\$ 190,443	\$ 194,012	\$ 202,249	\$ 205,338
Interest		719,782	701,544	701,983	689,813	703,866	687,123	680,454	657,392
Changes of assumptions		405,224	-	254,287	-	(91,796)	-	-	-
Differences between expected and actual experience		(119,769)	49,869	(111,769)	23,642	(327,761)	(81,090)	(233,793)	-
Benefit payments		(688,136)	(653,635)	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Net change in total pension liability		\$ 503,530	\$ 287,441	\$ 357,013	\$ 116,747	\$ (92,605)	\$ 245,677	\$ 95,999	\$ 349,100
Total pension liability - beginning		\$ 11,007,503	\$ 10,720,062	\$ 10,363,049	\$ 10,246,302	\$ 10,338,907	\$ 10,093,230	\$ 9,997,231	\$ 9,648,131
Total pension liability - ending (a)		\$ 11,511,033	\$ 11,007,503	\$ 10,720,062	\$ 10,363,049	\$ 10,246,302	\$ 10,338,907	\$ 10,093,230	\$ 9,997,231
Plan fiduciary net position									
Contributions - employer		\$ 72,723	\$ 73,758	\$ 73,548	\$ 105,604	\$ 109,051	\$ 161,091	\$ 161,117	\$ 167,792
Contributions - employee		85,971	88,448	88,955	86,559	96,832	89,220	88,820	89,850
Net investment income		2,854,356	206,412	697,166	760,411	1,174,286	166,660	443,017	1,355,703
Benefit payments		(688,136)	(653,635)	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Administrative charges		(7,425)	(7,325)	(7,273)	(6,920)	(7,001)	(6,273)	(6,277)	(7,457)
Other		266	(240)	(437)	(667)	(1,035)	(72)	(93)	72
Net change in plan fiduciary net position		\$ 2,317,755	\$ (292,582)	\$ 182,529	\$ 161,319	\$ 804,776	\$ (143,742)	\$ 133,673	\$ 1,092,330
Plan fiduciary net position - beginning		\$ 10,642,387	\$ 10,934,969	\$ 10,752,440	\$ 10,591,121	\$ 9,786,345	\$ 9,930,087	\$ 9,796,414	\$ 8,704,084
Plan fiduciary net position - ending (b)		\$ 12,960,142	\$ 10,642,387	\$ 10,934,969	\$ 10,752,440	\$ 10,591,121	\$ 9,786,345	\$ 9,930,087	\$ 9,796,414
School division's net pension liability (asset) - ending (a) - (b)		\$ (1,449,109)	\$ 365,116	\$ (214,907)	\$ (389,391)	\$ (344,819)	\$ 552,562	\$ 163,143	\$ 200,817
Plan fiduciary net position as a percentage of the total pension liability		112.59%	96.68%	102.00%	103.76%	103.37%	94.66%	98.38%	97.99%
Covered payroll		\$ 1,970,220	\$ 1,901,939	\$ 1,830,668	\$ 1,821,022	\$ 1,835,735	\$ 1,788,428	\$ 1,794,106	\$ 1,800,159
School Division's net pension liability as a percentage of covered payroll		-73.55%	19.20%	-11.74%	-21.38%	-18.78%	30.90%	9.09%	11.16%

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

County of Alleghany, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 1,003,702	\$ 1,003,702	\$ -	\$ 8,302,794	12.09%
2021	971,412	971,412	-	7,997,699	12.15%
2020	869,995	869,995	-	7,893,134	11.02%
2019	852,575	852,575	-	7,694,730	11.08%
2018	844,368	844,368	-	7,680,737	10.99%
2017	812,492	812,492	-	7,149,766	11.36%
2016	1,002,243	1,002,243	-	6,810,317	14.72%
2015	999,546	999,546	-	6,838,216	14.62%
Component Unit School Board (nonprofessional)					
2022	\$ 74,466	\$ 74,466	\$ -	\$ 1,930,105	3.86%
2021	72,723	72,723	-	1,970,220	3.69%
2020	73,758	73,758	-	1,901,939	3.88%
2019	73,458	73,458	-	1,830,668	4.01%
2018	105,604	105,604	-	1,821,022	5.80%
2017	109,051	109,051	-	1,835,735	5.94%
2016	161,091	161,091	-	1,788,428	9.01%
2015	161,117	161,117	-	1,794,106	8.98%
2014	167,792	167,792	-	1,800,159	9.32%
2013	179,312	179,312	-	1,921,890	9.33%
Component Unit School Board (professional)					
2022	\$ 1,865,756	\$ 1,865,756	\$ -	\$ 11,642,394	16.03%
2021	1,793,222	1,793,222	-	11,163,729	16.06%
2020	1,758,888	1,758,888	-	11,557,177	15.22%
2019	1,751,956	1,751,956	-	11,395,714	15.37%
2018	1,833,151	1,833,151	-	11,333,472	16.17%
2017	1,698,000	1,698,000	-	11,675,097	14.54%
2016	1,645,809	1,645,809	-	11,761,955	13.99%
2015	1,726,000	1,726,000	-	11,937,215	14.46%
2014	1,434,698	1,434,698	-	12,304,443	11.66%
2013	1,532,448	1,532,448	-	13,142,779	11.66%

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

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

County of Alleghany, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Alleghany, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 54,250	\$ 59,363	\$ 51,314	\$ 49,140	\$ 50,742
Interest	29,317	30,568	50,872	54,491	50,496
Effect of economic/demographic gains or losses	(20,865)	-	(204,712)	-	-
Effect of assumptions changes or inputs	288,394	3,702	123,709	35,422	(35,882)
Benefit payments	(121,887)	(107,180)	(91,587)	(99,807)	(97,233)
Net change in total OPEB liability	\$ 229,209	\$ (13,547)	\$ (70,404)	\$ 39,246	\$ (31,877)
Total OPEB liability - beginning	1,363,623	1,377,170	1,447,574	1,408,328	1,440,205
Total OPEB liability - ending	\$ 1,592,832	\$ 1,363,623	\$ 1,377,170	\$ 1,447,574	\$ 1,408,328
Covered - employee payroll	\$ 13,264,252	\$ 13,087,410	\$ 13,087,410	\$ 13,372,300	\$ 13,372,300
Component Unit School Board's total OPEB liability (asset)					
as a percentage of covered - employee payroll	12.01%	10.42%	10.52%	10.83%	10.53%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Alleghany, Virginia
Notes to Required Supplementary Information - OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% as of June 30, 2022; 2.16% as of June 30, 2021
Inflation	2.50% per year as of June 30, 2022; 2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.50% in 2021 and gradually declines to 3.90% by 2073
Salary Increase Rates	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for pre-retirement was calculated using RP-2014 Employee to age 80, Health Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed by service-related. The mortality rates for post-retirement was calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for post-disablement was calculated using RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Alleghany, Virginia
Schedule of Employer's Share of the Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government					
2021	0.0388% \$	451,053	\$ 7,997,699	5.64%	67.45%
2020	0.0384%	640,156	7,893,134	8.11%	52.64%
2019	0.0393%	639,126	7,694,730	8.31%	52.00%
2018	0.0404%	613,469	7,680,737	7.99%	51.22%
2017	0.0388%	583,225	7,149,766	8.16%	48.86%
Component Unit School Board (nonprofessional)					
2021	0.0091% \$	105,483	\$ 1,970,220	5.35%	67.45%
2020	0.0093%	154,535	1,901,939	8.13%	52.64%
2019	0.0936%	152,312	1,830,668	8.32%	52.00%
2018	0.0958%	145,000	1,821,022	7.96%	51.22%
2017	0.0100%	151,000	1,835,735	8.23%	48.86%
Component Unit School Board (professional)					
2021	0.0541% \$	630,337	\$ 11,163,729	5.65%	67.45%
2020	0.0562%	938,053	11,557,177	8.12%	52.64%
2019	0.0582%	947,557	11,395,714	8.32%	52.00%
2018	0.0598%	908,000	11,333,472	8.01%	51.22%
2017	0.0634%	955,000	11,675,097	8.18%	48.86%

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

County of Alleghany, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2022	\$ 44,835	\$ 44,835	\$ -	\$ 8,302,794	\$ 0.54%
2021	43,192	43,192	-	7,997,699	0.54%
2020	41,043	41,043	-	7,893,134	0.52%
2019	40,013	40,013	-	7,694,730	0.52%
2018	39,940	39,940	-	7,680,737	0.52%
2017	37,187	37,187	-	7,149,766	0.52%
2016	32,803	32,803	-	6,810,317	0.48%
2015	33,173	33,173	-	6,838,216	0.49%
Component Unit School Board (nonprofessional)					
2022	\$ 10,423	\$ 10,423	\$ -	\$ 1,930,105	\$ 0.54%
2021	10,297	10,297	-	1,970,220	0.54%
2020	9,911	9,911	-	1,901,939	0.52%
2019	9,532	9,532	-	1,830,668	0.52%
2018	9,478	9,478	-	1,821,022	0.52%
2017	9,599	9,599	-	1,835,735	0.52%
2016	8,643	8,643	-	1,788,428	0.48%
2015	8,723	8,723	-	1,794,106	0.49%
2014	8,669	8,669	-	1,800,159	0.48%
2013	9,225	9,225	-	1,921,890	0.48%
Component Unit School Board (professional)					
2022	\$ 62,949	\$ 62,949	\$ -	\$ 11,642,394	\$ 0.54%
2021	60,403	60,403	-	11,163,729	0.54%
2020	60,161	60,161	-	11,557,177	0.52%
2019	59,304	59,304	-	11,395,714	0.52%
2018	59,103	59,103	-	11,333,472	0.52%
2017	60,848	60,848	-	11,675,097	0.52%
2016	56,883	56,883	-	11,761,955	0.48%
2015	57,576	57,576	-	11,937,215	0.48%
2014	59,117	59,117	-	12,304,443	0.48%
2013	63,095	63,095	-	13,142,779	0.48%

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

County of Alleghany, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Alleghany, Virginia
Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.1263%	\$ 1,620,635	\$ 11,163,729	14.52%	13.15%
2020	0.1392%	1,721,571	11,557,177	14.90%	9.95%
2019	0.1360%	1,780,241	11,395,714	15.62%	8.97%
2018	0.1401%	1,780,000	11,333,472	15.71%	8.08%
2017	0.1482%	1,881,000	11,675,097	16.11%	7.04%

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

County of Alleghany, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (professional)					
2022	\$ 140,947	\$ 140,947	\$ -	\$ 11,642,394	1.21%
2021	135,185	135,185	-	11,163,729	1.21%
2020	138,831	138,831	-	11,557,177	1.20%
2019	136,748	136,748	-	11,395,714	1.20%
2018	139,405	139,405	-	11,333,472	1.23%
2017	129,845	129,845	-	11,675,097	1.11%
2016	125,236	125,236	-	11,761,955	1.06%
2015	126,579	126,579	-	11,937,215	1.06%
2014	136,626	136,626	-	12,304,443	1.11%
2013	145,885	145,885	-	13,142,779	1.11%

County of Alleghany, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Alleghany, Virginia
 Schedule of Changes in the Component Unit School Board's (nonprofessional) Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total HIC OPEB Liability				
Service cost	\$ 3,957	\$ 3,889	\$ 3,735	\$ 4,000
Interest	7,185	6,595	7,490	-
Changes of benefit terms	-	6,920	-	-
Differences between expected and actual experience	3,913	(3,297)	(19,745)	104,000
Changes of assumptions	2,533	-	2,708	-
Benefit payments	(5,616)	(5,099)	(1,886)	-
Other changes	-	-	(56)	-
Net change in total HIC OPEB liability	\$ 11,972	\$ 9,008	\$ (7,754)	\$ 108,000
Total HIC OPEB Liability - beginning	109,254	100,246	108,000	-
Total HIC OPEB Liability - ending (a)	\$ 121,226	\$ 109,254	\$ 100,246	\$ 108,000
Plan fiduciary net position				
Contributions - employer	\$ 11,584	\$ 11,413	\$ 11,006	\$ 11,000
Net investment income	8,350	476	1,194	-
Benefit payments	(5,616)	(5,099)	(1,886)	-
Administrative charges	(115)	(54)	(29)	-
Other	-	-	257	-
Net change in plan fiduciary net position	\$ 14,203	\$ 6,736	\$ 10,542	\$ 11,000
Plan fiduciary net position - beginning	28,278	21,542	11,000	-
Plan fiduciary net position - ending (b)	\$ 42,481	\$ 28,278	\$ 21,542	\$ 11,000
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 78,745	\$ 80,976	\$ 78,704	\$ 97,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	35.04%	25.88%	21.49%	10.19%
Covered payroll				
	\$ 1,869,959	\$ 1,901,939	\$ 1,830,668	\$ 1,821,022
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	4.21%	4.26%	4.30%	5.33%

Schedule is intended to show information for 10 years. Coverage for Component Unit School Board (nonprofessional) was effective July 1, 2017. However, additional years will be included as they become available.

County of Alleghany, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2018 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2022	\$ 11,954	\$ 11,954	\$ -	\$ 1,928,013	0.62%
2021	11,584	11,584	-	1,869,959	0.62%
2020	11,413	11,413	-	1,901,939	0.60%
2019	11,006	11,006	-	1,830,668	0.60%
2018	11,095	11,095	-	1,821,022	0.61%

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

County of Alleghany, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

FIDUCIARY FUNDS

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

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

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

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

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

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

County of Alleghany, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds						Total
	Human & Leisure Service	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Inmate Funds	
ASSETS							
Cash and cash equivalents	\$ -	\$ 317,415	\$ 10,212	\$ 589,165	\$ 271,594	\$ 26,763	\$ 1,215,149
Total assets	\$ -	\$ 317,415	\$ 10,212	\$ 589,165	\$ 271,594	\$ 26,763	\$ 1,215,149
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,804	\$ -	\$ 6,804
Accrued liabilities	-	-	-	-	1,933	-	1,933
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ 8,737	\$ -	\$ 8,737
NET POSITION							
Restricted							
AHEDC	\$ -	\$ -	\$ -	\$ -	\$ 262,857	\$ -	\$ 262,857
Social services clients	-	-	10,212	-	-	-	10,212
Jackson River Vocational Center	-	317,415	-	-	-	-	317,415
United Fire and Rescue Association	-	-	-	589,165	-	-	589,165
Held for inmates	-	-	-	-	-	26,763	26,763
Total net position	\$ -	\$ 317,415	\$ 10,212	\$ 589,165	\$ 262,857	\$ 26,763	\$ 1,206,412

County of Alleghany, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds						Total
	Human & Leisure Service	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Inmate Funds	
ADDITIONS							
Contributions and grants	\$ -	\$ 1,187,771	\$ 59,896	\$ -	\$ 310,547	\$ -	\$ 1,558,214
Deposits from inmates	-	-	-	-	-	210,256	210,256
Revenue (losses) from the use of money	-	51	1	(6,221)	(1,079)	-	(7,248)
Miscellaneous	-	203,036	-	-	5,000	-	208,036
Total additions	\$ -	\$ 1,390,858	\$ 59,897	\$ (6,221)	\$ 314,468	\$ 210,256	\$ 1,969,258
DEDUCTIONS							
Education expenses	\$ -	\$ 1,595,321	\$ -	\$ -	\$ -	\$ -	\$ 1,595,321
Human & Leisure expenses	822	-	-	-	-	-	822
Special welfare payments	-	-	59,621	-	-	-	59,621
United Fire expenses	-	-	-	8,871	-	-	8,871
Alleghany Highlands Economic Development payments	-	-	-	-	246,185	-	246,185
Inmate refunds	-	-	-	-	-	208,933	208,933
Total deductions	\$ 822	\$ 1,595,321	\$ 59,621	\$ 8,871	\$ 246,185	\$ 208,933	\$ 2,119,753
Net increase (decrease) in fiduciary net position	\$ (822)	\$ (204,463)	\$ 276	\$ (15,092)	\$ 68,283	\$ 1,323	\$ (150,495)
Net position, beginning of year	822	521,878	9,936	604,257	194,574	25,440	1,356,907
Net position, end of year	\$ -	\$ 317,415	\$ 10,212	\$ 589,165	\$ 262,857	\$ 26,763	\$ 1,206,412

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, 2022

	School Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,591,144	\$ 1,002,771	\$ 9,593,915
Cash in custody of others	524,459	-	524,459
Receivables (net of allowance for uncollectibles):			
Accounts receivable	132,217	-	132,217
Leases receivable	24,501	-	24,501
Due from other governmental units	264,753	-	264,753
Total assets	<u>\$ 9,537,074</u>	<u>\$ 1,002,771</u>	<u>\$ 10,539,845</u>
LIABILITIES			
Accounts payable	\$ 131,195	\$ -	\$ 131,195
Accrued liabilities	946,410	-	946,410
Due to other governmental units	2,223,295	265,597	2,488,892
Due to primary government	5,658,202	-	5,658,202
Total liabilities	<u>\$ 8,959,102</u>	<u>\$ 265,597</u>	<u>\$ 9,224,699</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related items	\$ 24,501	\$ -	\$ 24,501
Total deferred inflows of resources	<u>\$ 24,501</u>	<u>\$ -</u>	<u>\$ 24,501</u>
FUND BALANCES			
Restricted:			
School food program	\$ 524,459	\$ -	\$ 524,459
School activity fund	-	737,174	737,174
Unrestricted	29,012	-	29,012
Total fund balances	<u>\$ 553,471</u>	<u>\$ 737,174</u>	<u>\$ 1,290,645</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,537,074</u>	<u>\$ 1,002,771</u>	<u>\$ 10,539,845</u>

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

Total fund balances per above	\$ 1,290,645
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	
Land	\$ 1,634,094
Buildings and improvements	14,968,601
Machinery and equipment	3,374,547
Leased machinery and equipment	<u>58,434</u>
	20,035,676
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Net pension asset	1,449,109
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 3,919,290
OPEB related items	<u>730,211</u>
	4,649,501
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Lease liabilities	\$ (58,399)
Compensated absences	(227,593)
Net OPEB liabilities	(4,028,032)
Net pension liabilities	<u>(9,834,292)</u>
	(14,148,316)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Leases receivable related items	\$ 606
Pension related items	(10,108,901)
OPEB related items	<u>(765,311)</u>
	(10,873,606)
Net position of governmental activities	<u><u>\$ 2,403,009</u></u>

County of Alleghany, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 61,464	\$ -	\$ 61,464
Charges for services	138,280	489,114	627,394
Miscellaneous	270,662	-	270,662
Recovered costs	152,182	-	152,182
Intergovernmental	29,875,392	59,822	29,935,214
Total revenues	<u>\$ 30,497,980</u>	<u>\$ 548,936</u>	<u>\$ 31,046,916</u>
EXPENDITURES			
Current:			
Education	\$ 26,456,033	\$ 639,660	\$ 27,095,693
Capital projects	237,431	-	237,431
Debt service:			
Principal retirement	26,299	-	26,299
Interest and other fiscal charges	199	-	199
Total expenditures	<u>\$ 26,719,962</u>	<u>\$ 639,660</u>	<u>\$ 27,359,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,778,018</u>	<u>\$ (90,724)</u>	<u>\$ 3,687,294</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 21,793	\$ 199,186	\$ 220,979
Transfers out	(199,186)	(21,793)	(220,979)
Sale of capital assets	12,200	-	12,200
Issuance of leases	78,772	-	78,772
Total other financing sources (uses)	<u>\$ (86,421)</u>	<u>\$ 177,393</u>	<u>\$ 90,972</u>
SPECIAL ITEMS:			
Return of residual balances to primary government	\$ (6,153,014)	\$ -	\$ (6,153,014)
Contribution to Alleghany Highlands Public Schools	(2,223,295)	(265,597)	(2,488,892)
Total special items	<u>(8,376,309)</u>	<u>(265,597)</u>	<u>(8,641,906)</u>
Net change in fund balances	\$ (4,684,712)	\$ (178,928)	\$ (4,863,640)
Fund balances - beginning	5,238,183	916,102	6,154,285
Fund balances - ending	<u>\$ 553,471</u>	<u>\$ 737,174</u>	<u>\$ 1,290,645</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 \$ (4,863,640)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is details of items supporting this adjustment:

Capital outlay	\$ 730,144	
Transfer of capital assets from primary government	9,841,991	
Depreciation/amortization expense	<u>(1,636,715)</u>	8,935,420

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

State non-employee contributions to the pension plan	77,711	
Leases receivable	<u>606</u>	78,317

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

Debt issued or incurred:		
Issuance of lease liabilities	\$ (78,772)	
Principal repayments:		
Lease liabilities	<u>26,299</u>	(52,473)

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

Change in compensated absences	\$ 43,308	
Change in OPEB related items	135,467	
Change in pension related items	<u>2,670,445</u>	2,849,220

Change in net position of governmental activities	<u><u>\$ 6,946,844</u></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, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,110	\$ 10,110	\$ 61,464	\$ 51,354
Charges for services	25,137	25,137	138,280	113,143
Miscellaneous	175,160	175,160	270,662	95,502
Recovered costs	67,056	67,056	152,182	85,126
Intergovernmental	27,543,943	27,543,943	29,875,392	2,331,449
Total revenues	\$ 27,821,406	\$ 27,821,406	\$ 30,497,980	\$ 2,676,574
EXPENDITURES				
Current:				
Education	\$ 27,535,910	\$ 27,535,910	\$ 26,456,033	\$ 1,079,877
Capital projects	1,576,394	1,576,394	237,431	1,338,963
Debt service:				
Principal retirement	26,299	26,299	26,299	-
Interest and other fiscal charges	199	199	199	-
Total expenditures	\$ 29,138,802	\$ 29,138,802	\$ 26,719,962	\$ 2,418,840
Excess (deficiency) of revenues over (under) expenditures	\$ (1,317,396)	\$ (1,317,396)	\$ 3,778,018	\$ 5,095,414
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 21,793	\$ 21,793
Transfers out	195,058	195,058	(199,186)	(394,244)
Sale of capital assets	5,000	5,000	12,200	7,200
Issuance of leases	-	-	78,772	78,772
Total other financing sources (uses)	\$ 200,058	\$ 200,058	\$ (86,421)	\$ (286,479)
SPECIAL ITEMS:				
Return of residual balances to primary government	\$ -	\$ -	\$ (6,153,014)	\$ (6,153,014)
Contribution to Alleghany Highlands Public Schools	-	-	(2,223,295)	(2,223,295)
Total special items	\$ -	\$ -	\$ (8,376,309)	\$ (8,376,309)
Net change in fund balances	\$ (1,117,338)	\$ (1,117,338)	\$ (4,684,712)	\$ (3,567,374)
Fund balances - beginning	2,045,138	2,045,138	5,238,183	3,193,045
Fund balances - ending	\$ 927,800	\$ 927,800	\$ 553,471	\$ (374,329)

County of Alleghany, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
June 30, 2022

	Governor's School <u>Fund</u>	School Activity <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 265,597	\$ 737,174	\$ 1,002,771
Total assets	<u>\$ 265,597</u>	<u>\$ 737,174</u>	<u>\$ 1,002,771</u>
LIABILITIES			
Due to Alleghany Highlands Public Schools	\$ 265,597	\$ -	\$ 265,597
Total liabilities	<u>\$ 265,597</u>	<u>\$ -</u>	<u>\$ 265,597</u>
FUND BALANCES			
Restricted:			
School activity fund	\$ -	\$ 737,174	\$ 737,174
Total fund balances	<u>\$ -</u>	<u>\$ 737,174</u>	<u>\$ 737,174</u>
Total liabilities and fund balances	<u>\$ 265,597</u>	<u>\$ 737,174</u>	<u>\$ 1,002,771</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, 2022

	Governor's School <u>Fund</u>	School Activity <u>Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ 108,083	\$ 381,031	\$ 489,114
Intergovernmental	59,822	-	59,822
Total revenues	<u>\$ 167,905</u>	<u>\$ 381,031</u>	<u>\$ 548,936</u>
EXPENDITURES			
Current:			
Education	\$ 162,189	\$ 477,471	\$ 639,660
Total expenditures	<u>\$ 162,189</u>	<u>\$ 477,471</u>	<u>\$ 639,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,716</u>	<u>\$ (96,440)</u>	<u>\$ (90,724)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 199,186	\$ 199,186
Transfers out	-	(21,793)	(21,793)
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 177,393</u>	<u>\$ 177,393</u>
SPECIAL ITEM			
Transfer to Alleghany Highlands Public Schools	<u>\$ (265,597)</u>	<u>\$ -</u>	<u>\$ (265,597)</u>
Net change in fund balances	\$ (259,881)	\$ 80,953	\$ (178,928)
Fund balances - beginning	259,881	656,221	916,102
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 737,174</u></u>	<u><u>\$ 737,174</u></u>

Other Statistical Information

Table 1

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

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer Fund	Total
2021-22	\$ 1,975,187	\$ 1,660,718	\$ 10,509,624	\$ 3,719,878	\$ 4,956,690	\$ 22,551,054	\$ 616,441	\$ 3,107,967	\$ 341,371	\$ 4,982,842	\$ 54,421,772
2020-21	1,692,123	1,973,873	8,697,550	3,862,889	4,998,275	12,087,978	959,643	1,353,474	367,366	5,157,477	41,150,648
2019-20	1,962,153	1,951,077	7,534,991	2,709,932	4,317,407	11,925,940	911,422	448,368	361,568	4,986,888	37,109,746
2018-19	1,876,436	1,773,496	6,714,712	2,835,040	3,921,484	14,020,932	889,151	503,925	352,208	5,604,209	38,491,593
2017-18	2,202,672	1,712,583	6,486,342	2,925,303	4,063,044	11,964,651	925,770	498,773	301,115	5,097,889	36,178,142
2016-17	2,013,686	1,727,111	6,281,243	3,069,619	4,328,093	11,953,884	810,438	2,120,959	252,340	5,174,652	37,732,025
2015-16	2,265,730	1,578,405	5,669,932	3,082,441	4,203,749	11,703,747	861,841	444,866	295,265	4,379,654	34,485,630
2014-15	1,978,765	1,476,156	5,962,056	3,332,512	3,647,251	10,707,726	720,544	465,186	324,331	4,433,153	33,047,680
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

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
2021-22	\$ 6,060,858	\$ 15,221,134	\$ 26,563	\$ 18,357,354	\$ 3,476,422	\$ (105,915)	\$ 436,153	\$ 2,466,724	\$ 45,939,293
2020-21	6,040,098	12,824,692	481,204	18,059,396	3,139,124	42,610	235,947	2,504,359	43,327,430
2019-20	5,858,014	10,425,472	169,385	17,189,549	2,983,930	272,749	273,627	2,513,883	39,686,609
2018-19	6,317,575	9,585,129	28,610	16,519,123	2,884,888	362,347	188,242	2,526,887	38,412,801
2017-18	5,139,759	9,238,584	323,639	16,431,926	2,666,441	104,191	202,316	2,430,722	36,537,578
2016-17	4,921,947	9,497,971	2,196,671	16,216,009	2,582,898	54,297	1,657,373	2,485,685	39,612,851
2015-16	5,767,026	9,248,437	350,815	16,438,002	2,693,879	78,919	214,733	2,392,061	37,183,872
2014-15	4,622,696	8,921,346	7,693	16,165,901	2,691,370	74,735	244,482	2,397,886	35,126,109
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

Excludes special and extraordinary items.

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
2021-22	\$ 2,630,666	\$ 1,959,014	\$ 8,451,388	\$ 3,890,740	\$ 5,339,183	\$ 27,104,923	\$ 1,058,120	\$ 1,945,732	\$ 24,999	\$ 2,225,040	\$ 1,618,395	\$ 56,248,200
2020-21	2,620,641	1,934,303	8,537,845	3,763,624	5,547,527	26,627,987	936,236	1,119,314	230,454	1,875,472	2,513,860	55,707,263
2019-20	2,293,670	1,885,442	7,945,487	2,812,376	4,498,575	27,279,073	847,868	411,713	-	1,878,480	1,246,493	51,099,177
2018-19	2,410,812	1,915,434	9,547,323	3,030,465	4,248,728	26,238,382	895,773	484,727	-	2,032,742	4,839,557	55,643,943
2017-18	2,433,382	1,861,223	7,200,210	2,952,696	4,314,905	26,166,569	1,114,578	507,543	-	1,955,449	1,610,406	50,116,961
2016-17	2,358,500	1,766,569	6,765,064	3,021,282	4,518,362	26,708,173	2,940,320	2,124,181	-	1,890,373	458,621	52,551,445
2015-16	2,408,993	1,623,127	6,292,769	3,196,499	4,605,417	26,272,527	1,387,272	433,733	-	2,036,381	421,253	48,677,971
2014-15	2,332,462	1,529,864	6,287,387	3,235,630	4,332,044	26,668,845	743,712	467,061	-	1,934,068	338,676	47,869,749
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

(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
2021-22	\$ 18,276,916	\$ 3,476,422	\$ 75,607	\$ 42,697	\$ 15,672	\$ 1,784,975	\$ 439,369	\$ 2,033,656	\$ 34,395,109	\$ 60,540,423		
2020-21	18,192,280	3,139,124	33,666	53,128	42,749	1,490,177	497,933	2,586,868	30,589,069	56,624,994		
2019-20	17,185,474	2,983,930	33,859	36,059	268,425	1,314,951	436,683	1,763,843	27,584,846	51,608,070		
2018-19	16,404,843	2,884,888	51,300	37,911	331,689	1,400,979	627,157	1,770,598	27,075,224	50,584,589		
2017-18	16,460,574	2,666,441	38,140	74,780	110,639	977,849	753,140	1,706,379	28,559,523	51,347,465		
2016-17	16,146,070	2,582,898	29,471	101,353	43,670	936,678	2,182,220	1,526,569	28,559,523	52,108,452		
2015-16	16,432,520	2,693,879	34,172	37,102	72,950	872,014	793,960	1,674,885	26,368,912	48,980,394		
2014-15	16,200,657	2,691,370	32,786	40,814	61,773	967,427	747,085	1,837,701	26,274,077	48,853,690		
2013-14	15,148,553	2,554,418	28,178	59,214	72,952	1,040,908	708,314	1,800,693	25,373,168	46,786,398		
2012-13	16,187,947	2,412,439	40,113	43,559	66,284	1,123,697	835,224	1,565,975	26,904,703	49,179,941		

(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		Outstanding Delinquent Taxes (1)	Percent of	
						Total Tax Collections to Tax Levy			Delinquent Taxes to Tax Levy	
2021-22	\$ 19,823,368	\$ 19,441,928	98.08%	\$ 258,003	\$ 19,699,931	99.38%		\$ 728,925	3.68%	
2020-21	19,591,077	19,161,513	97.81%	439,012	19,600,525	100.05%		637,518	3.25%	
2019-20	18,568,687	18,334,126	98.74%	303,005	18,637,131	100.37%		761,404	4.10%	
2018-19	17,892,794	17,555,526	98.12%	310,788	17,866,314	99.85%		726,449	4.06%	
2017-18	17,785,917	17,493,648	98.36%	398,881	17,892,529	100.60%		683,135	3.84%	
2016-17	17,571,198	17,140,464	97.55%	227,217	17,367,681	98.84%		743,351	4.23%	
2015-16	17,749,218	17,241,475	97.14%	320,486	17,561,961	98.94%		699,953	3.94%	
2014-15	17,613,882	16,996,592	96.50%	329,846	17,326,438	98.37%		612,674	3.48%	
2013-14	17,568,748	17,276,587	98.34%	287,649	17,564,236	99.97%		637,328	3.63%	
2012-13	17,282,831	16,978,746	98.24%	209,664	17,188,410	99.45%		632,216	3.66%	

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

(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
2021-22	\$ 0.73	\$ 2.98	\$ 0.73	\$ 2.98
2020-21	0.73	2.98	0.73	2.98
2019-20	0.73	2.98	0.73	2.98
2018-19	0.71	2.98	0.71	2.98
2017-18	0.71	5.95	0.71	5.95
2016-17	0.71	5.95	0.71	5.95
2015-16	0.69	5.95	0.69	5.95
2014-15	0.67	5.95	0.67	5.95
2013-14	0.67	5.95	0.67	5.95
2012-13	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
2021-22	14,986	\$ 1,782,941	\$ 946,812	\$ 946,812	0.05%	\$ 63
2020-21	15,223	1,764,779	2,264,860	2,264,860	0.13%	149
2019-20	14,910	1,737,076	3,559,561	3,559,561	0.20%	239
2018-19	14,910	1,709,947	4,836,269	4,836,269	0.28%	324
2017-18	15,820	1,551,773	6,491,474	6,491,474	0.42%	410
2016-17	15,820	1,533,884	8,121,354	8,121,354	0.53%	513
2015-16	15,820	1,547,736	9,652,194	9,652,194	0.62%	610
2014-15	15,820	1,538,547	11,325,995	11,325,995	0.74%	716
2013-14	16,250	1,495,746	12,848,989	12,848,989	0.86%	791
2012-13	16,250	1,486,970	14,013,313	14,013,313	0.94%	862

(1) Population per the Bureau of the Census.

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

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Alleghany, Virginia's basic financial statements and have issued our report thereon dated January 12, 2023.

Report on Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

County of Alleghany, Virginia's Response to Findings

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

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Alleghany, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Alleghany, Virginia's major federal programs for the year ended June 30, 2022. The County of Alleghany, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County of Alleghany, Virginia complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
January 12, 2023

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 1 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Temporary Assistance for Needy Families	93.558	0400121/0400122 0950120/0950121	\$ 240,632	
MaryLee Allen Promoting Safe and Stable Families Program	93.556	/090120		13,292
Refugee and Entrant Assistance - State/Replacement Designee Administered Programs	93.566	0500122		1,162
Low-Income Home Energy Assistance	93.568	0600421/0600422		44,291
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122		54,595
Total CCDF Cluster				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121		596
Foster Care - Title IV-E	93.658	1100121/1100122		215,712
Title IV-E Prevention Program	93.472	1140122		3,193
Adoption Assistance	93.659	1120121/1120122		65,998
Social Services Block Grant	93.667	1000121/1000122		269,778
Children's Health Insurance Program	93.767	0540121/0540122		2,387
Medicaid Cluster:				
Medical Assistance Program	93.778	1200121/1200122 9150120/9150121		245,292
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	/9152121		14,113
Guardianship Assistance	93.090	1110121/1110122		253
Community-Based Child Abuse Prevention Grants	93.590	9560121		518
Total Department of Health and Human Services			\$ 1,171,812	
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture:				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	43841	\$ 136,988	
COVID-19 Pandemic EBT Administrative Costs	10.649	86556	3,063	
Total Forest Service Schools and Roads Cluster				140,051
Virginia Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	40253/41110 40254/41106	\$ 281,350	
National School Lunch Program	10.555	/41108/86557	886,939	
Summer Food Service Program for Children	10.559	60302/60303	19,711	
Total Child Nutrition Cluster				1,188,000
Virginia Department of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010121/0010122 /0040121/0040122		461,365
Total Department of Agriculture			\$ 1,789,416	
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Motor Vehicles:				
Alcohol Open Container Requirements	20.607	154AL-2021-51141-21141 /154AL-2022-52002-22002	\$ 5,021	
Highway Safety Cluster:				
		FOP-2021-51145-21145 /FOP-2022-52003-22003		
State and Community Highway Safety	20.600	/FSC-2021-51148-21148		4,406
Total Department of Transportation			\$ 9,427	
Department of Justice:				
Pass Through Payments:				
Virginia Office of Victims of Crime:				
Crime Victim Assistance	16.575	19V2GX0054	\$ 141,764	
Total Department of Justice			\$ 141,764	
Department of Treasury:				
Direct payments:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 2,886,380	
Pass Through Payments:				
Virginia Department of Compensation Board				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2207FFARPA	129,180	
Virginia Department of Housing and Community Development				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	19,713	\$ 3,035,273
Virginia Department of Accounts				
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022		218,541
Total Department of Treasury			\$ 3,253,814	
Department of Labor:				
Pass Through Payments:				
Virginia Department of Education				
WIOA Cluster:				
WIOA Dislocated Worker Formula Grants	17.278	40280	\$ 61,457	
Total Department of Labor			\$ 61,457	
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	117612	\$ 141,907	
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	117613	544,548	\$ 686,455
Total Department of Housing and Urban Development			\$ 686,455	\$ 544,548

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 2 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
Department of Education:				
Pass Through Payments:				
<i>Virginia Department of Education:</i>				
Title I - Grants to Local Educational Agencies	84.010	42901	\$ 527,270	
Career and Technical Education: Basic Grants to States	84.048	60031/60031105	41,145	
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	40287/43071	\$ 568,137	
Special Education - Preschool Grants	84.173	62521	31,332	
<i>Total Special Education Cluster</i>				599,469
Supporting Effective Instruction State Grant	84.367	61480		76,276
Student Support and Academic Enrichment Program	84.424	60281		40,142
<i>Education Stabilization Fund:</i>				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	70037	\$ 14,328	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	50195/60177	604,180	
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	50193	121,501	
<i>Total Education Stabilization Fund</i>				740,009
Total Department of Education			\$ 2,024,311	
Total Expenditures of Federal Awards			\$ 9,138,456	\$ 544,548

Notes to Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Alleghany, Virginia under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Alleghany, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Alleghany, Virginia.

Note B -- Summary of Significant Accounting Policies:

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect to use 10% de minimis indirect cost rate because they only request direct costs for reimbursement.

Note C -- Food Distribution

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

Note D -- Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note E -- Relationship to the Financial Statements

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

Primary government:		
General Fund-Intergovernmental	\$ 17,085,051	
Less: Revenue from the Commonwealth	(11,564,903)	
Less: Payments in Lieu of Taxes	(417,381)	
Water and Sewer Fund-Intergovernmental	621,870	
Component Unit School Board:		
School Operating Fund-Intergovernmental	29,875,392	
Less: Revenue from Local Governments	(12,625,156)	
Less: Revenue from the Commonwealth	(13,836,417)	
Governor's School Fund-Intergovernmental	59,822	
Less: Revenue from the Commonwealth	(59,822)	
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 9,138,456	

County of Alleghany, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing #

Name of Federal Program or Cluster

21.027
84.425

Coronavirus State and Local Fiscal Recovery Funds
Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

County of Alleghany, Virginia
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding 2022-001
(Significant Deficiency)

Criteria:	An organization should prepare reconciliations to ensure amounts reported in the financial statements are materially correct.
Condition:	The County's Department of Social Services failed to document reconciliations of the special welfare ledger to the County's books.
Cause of Condition:	The Department experienced turnover and new employees are still in the process of learning their roles and responsibilities.
Effect of Condition:	The subsidiary ledger does not agree with the bank statement or related reconciliation.
Recommendation:	The Social Services Department should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.
Management's Response:	Management concurs with the finding and will begin reconciling activity and balances on a monthly basis.

Section III - Federal Award Findings and Questioned Costs

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

County of Alleghany, Virginia

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Finding 2021-001

Finding Type:	Significant Deficiency
Condition:	The County's Department of Social Services failed to document reconciliations of the special welfare ledger to the County's books reconcile the special welfare ledger to the County's books.
Recommendation:	The Social Services Department should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.
Current Status:	Finding 2021-001 was recurring during the 2022 fiscal year as Finding 2022-001.
Corrective Action:	Management will begin reconciling balances on a monthly basis.

Finding 2021-002

Finding Type:	Material weakness
Condition:	Material adjustments were identified that were necessary for the County's financial report to be presented in accordance with current reporting standards.
Recommendation:	The County should perform an analytical review of balances (current and prior year) in the future to identify any necessary final adjustments.
Current Status:	Finding 2021-002 was corrected during the 2022 fiscal year.
Corrective Action:	During the 2022 fiscal year, the County reviewed year end balances to indentify necessary adjustments.