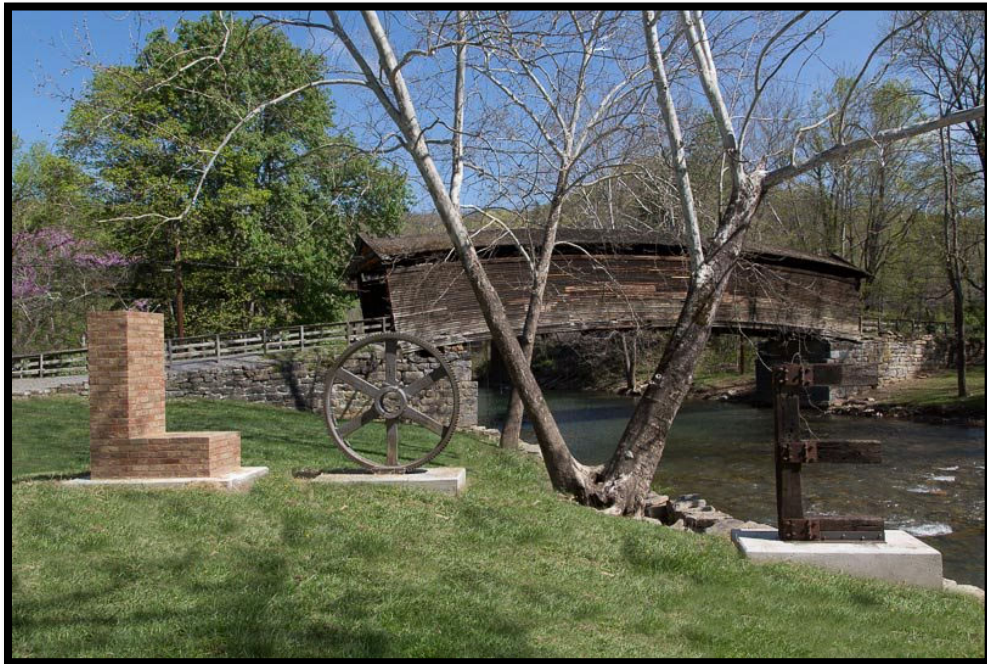


FINANCIAL STATEMENTS



COUNTY OF ALLEGHANY, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2020

COUNTY OF ALLEGHANY, VIRGINIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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COUNTY OF ALLEGHANY, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION

COUNTY OF ALLEGHANY, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

Randall S. Tucker, Chairman	
Jacob L. Wright, Vice-Chairman	Gerald E. Franson
R. Craig Lane	Donnie T. Kern
Danielle I. Morgan	Jennifer S. Seckner

SOCIAL SERVICES BOARD

David Crosier, Chair	
Eston Burge	Shannon P. Cox
Joyce Persinger	Thomas Sibold, Jr. C
Mara Toombs	

OTHER OFFICIALS

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

FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Alleghany, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 90-91 and 92-106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Supplementary and Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, 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.

A handwritten signature in cursive script that reads "Robinson, Farmer, Cox Associates".

Blacksburg, Virginia
December 17, 2020

Basic Financial Statements

County of Alleghany, Virginia
Statement of Net Position
June 30, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		School Board
ASSETS				
Cash and cash equivalents	\$ 6,859,027	1,129,226	\$ 7,988,253	\$ 5,724,050
Cash in custody of others	-	-	-	280,995
Investments	3,374,483	-	3,374,483	-
Receivables (net of allowance for uncollectibles):				
Taxes receivable	761,404	-	761,404	-
Accounts receivable	137,371	606,052	743,423	1,828
Due from component unit	500,000	-	500,000	-
Due from other governmental units-current portion	2,030,421	262,015	2,292,436	210,164
Inventories	4,352	-	4,352	-
Prepaid items	-	-	-	428,292
Net pension asset	-	-	-	214,907
Restricted assets:				
Cash and cash equivalents	1,974,276	1,608,642	3,582,918	-
Due from other governmental units-net of current portion	-	333,023	333,023	-
Capital assets (net of accumulated depreciation):				
Land	3,577,209	88,980	3,666,189	1,019,216
Buildings and improvements	16,942,171	-	16,942,171	7,098,795
Land improvements	2,591,772	-	2,591,772	-
Machinery and equipment	2,927,137	292,287	3,219,424	2,837,986
Infrastructure	-	40,041,755	40,041,755	-
Construction in progress	6,380,894	444,887	6,825,781	-
Total assets	\$ 48,060,517	\$ 44,806,867	\$ 92,867,384	\$ 17,816,233
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 1,632,520	\$ 175,428	\$ 1,807,948	\$ 3,776,182
OPEB related items	138,362	12,270	150,632	590,883
Total deferred outflows of resources	\$ 1,770,882	\$ 187,698	\$ 1,958,580	\$ 4,367,065
LIABILITIES				
Accounts payable	\$ 675,404	\$ 352,702	\$ 1,028,106	\$ 87,242
Retainage payable	-	139,697	139,697	-
Accrued liabilities	66,847	23,203	90,050	991,094
Customers' deposits	-	70,654	70,654	-
Accrued interest payable	58,098	30,414	88,512	-
Due to primary government	-	-	-	500,000
Unearned revenue	661,487	-	661,487	6,000
Long-term liabilities:				
Due within one year	1,807,897	1,109,202	2,917,099	194,094
Due in more than one year	16,578,080	10,767,279	27,345,359	22,409,603
Total liabilities	\$ 19,847,813	\$ 12,493,151	\$ 32,340,964	\$ 24,188,033
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 19,653	\$ -	\$ 19,653	\$ -
Pension related items	762,618	62,135	824,753	3,503,855
OPEB related items	50,630	4,589	55,219	552,801
Total deferred inflows of resources	\$ 832,901	\$ 66,724	\$ 899,625	\$ 4,056,656
NET POSITION				
Net investment in capital assets	\$ 21,965,572	\$ 29,444,008	\$ 51,409,580	\$ 10,955,997
Restricted:				
Jail operations	294,006	-	294,006	-
CDBG housing	24,075	-	24,075	-
Law library	20,158	-	20,158	-
Asset forfeiture funds	77,891	-	77,891	-
Indoor plumbing rehab	69,279	-	69,279	-
Emergency repair fund	55,884	-	55,884	-
Employee function fund	9,311	-	9,311	-
CCWD fund	200	-	200	-
Bond covenants	-	1,537,988	1,537,988	-
School cafeterias	-	-	-	280,995
Restricted for school consolidation	-	-	-	206,093
Health insurance	343,633	-	343,633	-
Unrestricted	6,290,676	1,452,694	7,743,370	(17,504,476)
Total net position	\$ 29,150,685	\$ 32,434,690	\$ 61,585,375	\$ (6,061,391)

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, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-type Activities	Total	Component Unit School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 1,962,153	\$ 54,652	\$ 304,415	\$ -	\$ (1,603,086)	\$ -	\$ (1,603,086)	\$ -
Judicial administration	1,951,077	4,606	723,767	-	(1,222,704)	-	(1,222,704)	-
Public safety	7,534,991	77,351	3,350,912	-	(4,106,728)	-	(4,106,728)	-
Public works	2,709,932	807,861	59,014	-	(1,843,057)	-	(1,843,057)	-
Health and welfare	4,317,407	-	3,345,419	-	(971,988)	-	(971,988)	-
Education	11,925,940	-	2,598,427	-	(9,327,513)	-	(9,327,513)	-
Parks, recreation, and cultural	911,422	29,153	4,500	-	(877,769)	-	(877,769)	-
Community development	448,368	-	39,018	-	(409,350)	-	(409,350)	-
Interest on long-term debt	361,568	-	-	-	(361,568)	-	(361,568)	-
Total governmental activities	\$ 32,122,858	\$ 973,623	\$ 10,425,472	\$ -	\$ (20,723,763)	\$ -	\$ (20,723,763)	\$ -
Business-type activities:								
Water and Sewer Fund	\$ 4,986,888	\$ 4,884,391	\$ -	\$ 169,385	\$ -	\$ 66,888	\$ 66,888	\$ -
Total business-type activities	\$ 4,986,888	\$ 4,884,391	\$ -	\$ 169,385	\$ -	\$ 66,888	\$ 66,888	\$ -
Total primary government	\$ 37,109,746	\$ 5,858,014	\$ 10,425,472	\$ 169,385	\$ (20,723,763)	\$ 66,888	\$ (20,656,875)	\$ -
COMPONENT UNIT:								
School Board	\$ 26,649,824	\$ 411,246	\$ 14,481,076	\$ 164,415	\$ -	\$ -	\$ -	\$ (11,593,087)
Total component unit	\$ 26,649,824	\$ 411,246	\$ 14,481,076	\$ 164,415	\$ -	\$ -	\$ -	\$ (11,593,087)
General revenues:								
General property taxes					\$ 17,189,549	\$ -	\$ 17,189,549	\$ -
Other local taxes								
Local sales and use taxes					983,230	-	983,230	-
Consumers' utility taxes					249,713	-	249,713	-
Business license taxes					456,121	-	456,121	-
Utility consumption taxes					181,090	-	181,090	-
Motor vehicle licenses					409,683	-	409,683	-
Restaurant food taxes					456,006	-	456,006	-
Transient lodging taxes					157,418	-	157,418	-
Other local taxes					90,669	-	90,669	-
Unrestricted revenues from use of money and property					237,977	34,772	272,749	31,118
Miscellaneous					238,824	34,803	273,627	197,859
Payments from the County of Alleghany					-	-	-	11,368,796
Grants and contributions not restricted to specific programs					2,513,883	-	2,513,883	-
Total general revenues					\$ 23,164,163	\$ 69,575	\$ 23,233,738	\$ 11,597,773
Change in net position					\$ 2,440,400	\$ 136,463	\$ 2,576,863	\$ 4,686
Net position - beginning					26,710,285	32,298,227	59,008,512	(6,066,077)
Net position - ending					\$ 29,150,685	\$ 32,434,690	\$ 61,585,375	\$ (6,061,391)

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

County of Alleghany, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Special Law Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 6,216,877	\$ 298,517	\$ 6,515,394
Investments	3,374,483	-	3,374,483
Receivables (net of allowance for uncollectibles):			
Taxes receivable	761,404	-	761,404
Accounts receivable	137,371	-	137,371
Due from component unit	500,000	-	500,000
Due from other governmental units	2,030,421	-	2,030,421
Inventories	4,352	-	4,352
Restricted assets:			
Cash and cash equivalents	1,974,276	-	1,974,276
Total assets	<u>\$ 14,999,184</u>	<u>\$ 298,517</u>	<u>\$ 15,297,701</u>
LIABILITIES			
Accounts payable	\$ 670,893	\$ 4,511	\$ 675,404
Accrued liabilities	66,847	-	66,847
Deferred revenue	661,487	-	661,487
Total liabilities	<u>\$ 1,399,227</u>	<u>\$ 4,511</u>	<u>\$ 1,403,738</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 690,993	\$ -	\$ 690,993
Unavailable revenue - prepaid taxes	19,653	-	19,653
Total deferred inflows of resources	<u>\$ 710,646</u>	<u>\$ -</u>	<u>\$ 710,646</u>
FUND BALANCES			
Nonspendable			
Inventories	\$ 4,352	\$ -	4,352
Restricted			
Jail operations	-	294,006	294,006
CDBG housing	24,075	-	24,075
Law library	20,158	-	20,158
Asset forfeiture funds	77,891	-	77,891
Indoor plumbing rehab	69,279	-	69,279
Emergency repair fund	55,884	-	55,884
Employee function fund	9,311	-	9,311
CCWD fund	200	-	200
Capital projects/outlays	1,974,276	-	1,974,276
Unassigned	10,653,885	-	10,653,885
Total fund balances	<u>\$ 12,889,311</u>	<u>\$ 294,006</u>	<u>\$ 13,183,317</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,999,184</u>	<u>\$ 298,517</u>	<u>\$ 15,297,701</u>

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

County of Alleghany, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	13,183,317	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	3,577,209	
Buildings and improvements		16,942,171	
Land improvements		2,591,772	
Machinery and equipment		2,927,137	
Construction in progress		<u>6,380,894</u>	32,419,183
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			690,993
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			343,633
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	1,632,520	
OPEB related items		<u>138,362</u>	1,770,882
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds	\$	(2,048,092)	
Premium on issuance		(11,469)	
Literary loans		(1,500,000)	
Capital leases		(8,868,326)	
Accrued interest payable		(58,098)	
Compensated absences		(353,535)	
Net pension liability		(5,018,541)	
Net OPEB liability		<u>(586,014)</u>	(18,444,075)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(762,618)	
OPEB related items		<u>(50,630)</u>	(813,248)
Net position of governmental activities			<u><u>\$ 29,150,685</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, 2020

	General <u>Fund</u>	Special Law <u>Fund</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 17,185,474	\$ -	\$ 17,185,474
Other local taxes	2,983,930	-	2,983,930
Permits, privilege fees, and regulatory licenses	33,859	-	33,859
Fines and forfeitures	36,059	-	36,059
Revenue from the use of money and property	229,885	7,422	237,307
Charges for services	903,705	-	903,705
Miscellaneous	161,234	77,590	238,824
Recovered costs	1,679,665	-	1,679,665
Intergovernmental	12,939,355	-	12,939,355
Total revenues	<u>\$ 36,153,166</u>	<u>\$ 85,012</u>	<u>\$ 36,238,178</u>
EXPENDITURES			
Current:			
General government administration	\$ 2,293,670	\$ -	\$ 2,293,670
Judicial administration	1,885,442	-	1,885,442
Public safety	7,913,996	31,491	7,945,487
Public works	2,812,376	-	2,812,376
Health and welfare	4,498,575	-	4,498,575
Education	11,378,026	-	11,378,026
Parks, recreation, and cultural	847,868	-	847,868
Community development	411,713	-	411,713
Capital projects	631,806	-	631,806
Debt service:			
Principal retirement	1,495,013	-	1,495,013
Interest and other fiscal charges	383,467	-	383,467
Total expenditures	<u>\$ 34,551,952</u>	<u>\$ 31,491</u>	<u>\$ 34,583,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,601,214</u>	<u>\$ 53,521</u>	<u>\$ 1,654,735</u>
Net change in fund balances	\$ 1,601,214	\$ 53,521	\$ 1,654,735
Fund balances - beginning	11,288,097	240,485	11,528,582
Fund balances - ending	<u>\$ 12,889,311</u>	<u>\$ 294,006</u>	<u>\$ 13,183,317</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, 2020

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

Net change in fund balances - total governmental funds	\$	1,654,735
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlay	\$	866,022
Depreciation expense		(1,793,644) (927,622)

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

Property taxes		4,075
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:

General obligation bonds	\$	523,339
Literary loans		750,000
Capital leases		221,674 1,495,013

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	\$	(16,103)
Change in accrued interest payable		18,530
Change in pension related items		181,576
Change in OPEB related items		26,157
Amortization of bond premium		3,369 213,529

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

670

Change in net position of governmental activities

\$ 2,440,400

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, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,129,226	\$ 343,633
Accounts receivable, net of allowance for uncollectibles	606,052	-
Due from other governmental units	262,015	-
Total current assets	<u>\$ 1,997,293</u>	<u>\$ 343,633</u>
Noncurrent assets:		
Restricted cash and cash equivalents:		
Customers' deposits	\$ 70,654	-
Debt reserves (bond covenants)	1,537,988	-
Total restricted assets	<u>\$ 1,608,642</u>	<u>\$ -</u>
Due from other governmental units	<u>\$ 333,023</u>	<u>\$ -</u>
Capital assets:		
Infrastructure and equipment	\$ 56,030,665	-
Land	88,980	-
Machinery and equipment	802,882	-
Accumulated depreciation	(16,499,505)	-
Construction in progress	444,887	-
Total capital assets	<u>\$ 40,867,909</u>	<u>\$ -</u>
Total noncurrent assets	<u>\$ 42,809,574</u>	<u>\$ -</u>
Total assets	<u>\$ 44,806,867</u>	<u>\$ 343,633</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 175,428	-
OPEB related items	12,270	-
Total deferred outflows of resources	<u>\$ 187,698</u>	<u>\$ -</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 352,702	-
Construction payable	139,697	-
Payroll liabilities	23,203	-
Customers' deposits	70,654	-
Accrued interest payable	30,414	-
Compensated absences - current portion	63,239	-
Bonds payable - current portion	1,045,963	-
Total current liabilities	<u>\$ 1,725,872</u>	<u>\$ -</u>
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 21,080	-
Bonds payable - net of current portion	10,238,241	-
Net pension liability	454,846	-
Net OPEB liability	53,112	-
Total noncurrent liabilities	<u>\$ 10,767,279</u>	<u>\$ -</u>
Total liabilities	<u>\$ 12,493,151</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 62,135	-
OPEB related items	4,589	-
Total deferred inflows of resources	<u>\$ 66,724</u>	<u>\$ -</u>
NET POSITION		
Net Investment in capital assets	\$ 29,444,008	-
Restricted by bond covenants	1,537,988	-
Restricted for health claims	-	343,633
Unrestricted	1,452,694	-
Total net position	<u>\$ 32,434,690</u>	<u>\$ 343,633</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, 2020

	Enterprise Fund <u>Water and Sewer Fund</u>	Internal Service <u>Funds</u>
OPERATING REVENUES		
Charges for services:		
Water revenues (serves as security for revenue bonds)	\$ 2,084,061	\$ -
Sewer revenues (serves as security for revenue bonds)	2,725,699	-
Penalty	74,631	-
Miscellaneous	34,803	-
Total operating revenues	<u>\$ 4,919,194</u>	<u>\$ -</u>
OPERATING EXPENSES		
Salaries and wages	\$ 715,343	\$ -
Fringe benefits	341,735	-
Professional services	630,900	-
Utilities	328,255	-
Materials and supplies	190,284	-
Insurance	47,758	-
Travel	1,045	-
Dues and memberships	475	-
Permits	20,486	-
Rentals and leases	8,830	-
Repairs and maintenance	110,739	-
Purchased services	1,381,059	-
Depreciation	1,073,341	-
Total operating expenses	<u>\$ 4,850,250</u>	<u>\$ -</u>
Operating income (loss)	<u>\$ 68,944</u>	<u>\$ -</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 34,772	\$ 670
Connection fees	48,000	-
Bond issuance costs	(9,500)	-
Interest expense	(127,138)	-
Total nonoperating revenues (expenses)	<u>\$ (53,866)</u>	<u>\$ 670</u>
Income before contributions and grants	\$ 15,078	\$ 670
Capital contributions and construction grants	121,385	-
Change in net position	\$ 136,463	\$ 670
Total net position - beginning	32,298,227	342,963
Total net position - ending	<u>\$ 32,434,690</u>	<u>\$ 343,633</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, 2020

	Enterprise Fund Water and Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 5,160,876	\$ -
Payments to suppliers	(2,685,089)	-
Payments to and for employees	(1,067,200)	-
Net cash provided by (used for) operating activities	<u>\$ 1,408,587</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to utility plant	\$ (238,618)	\$ -
Principal payments on bonds	(1,022,423)	-
Connection fees	48,000	-
Contributions in aid of construction	121,385	-
Proceeds from indebtedness	173,956	-
Interest expense	(128,906)	-
Bond issuance costs	(9,500)	-
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,056,106)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 34,772	\$ 670
Net cash provided by (used for) investing activities	<u>\$ 34,772</u>	<u>\$ 670</u>
Net increase (decrease) in cash and cash equivalents	\$ 387,253	\$ 670
Cash and cash equivalents - beginning - including restricted of \$1,349,077	2,350,615	342,963
Cash and cash equivalents - ending - including restricted of \$1,608,642	<u>\$ 2,737,868</u>	<u>\$ 343,633</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 68,944	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	\$ 1,073,341	\$ -
(Increase) decrease in accounts receivable	(20,932)	-
(Increase) decrease in due from other governments	262,015	-
(Increase) decrease in deferred outflows of resources	(122,285)	-
Increase (decrease) in customer deposits	599	-
Increase (decrease) in operating accounts payable	34,742	-
Increase (decrease) in compensated absences	(4,231)	-
Increase (decrease) in payroll liabilities	6,067	-
Increase (decrease) in deferred inflows of resources	(8,878)	-
Increase (decrease) in net pension liability	110,756	-
Increase (decrease) in net OPEB liability	8,449	-
Total adjustments	<u>\$ 1,339,643</u>	<u>\$ -</u>
Net cash provided by (used for) operating activities	<u>\$ 1,408,587</u>	<u>\$ -</u>

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

County of Alleghany, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,190,647
Total assets	<u>\$ 1,190,647</u>
LIABILITIES	
Accounts payable	\$ 60,694
Accrued liabilities	5,082
Amounts held for Alleghany Highlands Economic Development Corporation	116,099
Amounts held for social services clients	9,934
Amounts held for Friends of Youth	3,593
Amounts held for Human and Leisure Activity	822
Amounts held for Jackson River Vocational Center	439,051
Amounts held for United Fire and Rescue Association	550,241
Amounts held for Humane Society	5,131
Total liabilities	<u>\$ 1,190,647</u>

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

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

Jointly Governed Organizations - None

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

1. Cash and Cash Equivalents

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.

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.

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$177,686 at June 30, 2020 and is comprised of \$108,373 in property taxes and \$69,313 in water and sewer billings.

6. Use of Estimates

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

6. Inventories

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

7. Capital Assets

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

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

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

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

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

7. Capital Assets (Continued)

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

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

8. Compensated Absences

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

9. Pensions

For purposes of measuring the net pension liability (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 net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

10. Other Postemployment Benefits (OPEB)

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

11. Long-term Obligations

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

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

12. Fund Balance

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

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

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

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

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

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

12. Fund Balance (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 general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;

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

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

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

13. Net Position

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

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

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

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

13. Net Position (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.

14. Net Position Flow Assumption

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

15. Deferred Outflows/Inflows of Resources

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

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

B. Deficit fund equity

At June 30, 2020, there were no funds with deficit fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 3-Deposits and Investments:Deposits:

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

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At year end, the County held corporate bonds and notes with a fair quality rating of less than AA (Standard and Poor's), which is in violation of the State Code.

The investments, as reported in the financial statements as of June 30, 2020, include negotiable certificate of deposits with an original maturity date over three months and have a balance of \$1,350,693. 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, 2020 were rated by Standard and Poor's (S&P) or Moody's and the ratings are presented below using the Standard and Poor's rating scale.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	S&P	Moody's	
	AAAm	Aa1	Aaa
Fidelity money market	\$ 2,825,915	\$ -	\$ -
LGIP	1,458	-	-
Corporate bonds and notes	-	102,180	1,068,014
Municipal bonds	-	290,232	-
U.S. Agencies	-	-	563,364

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 3-Deposits and Investments: (Continued)**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 Type	Investment Maturities (in years)		
	Fair Value	1 Year	1-5 Years
Money market funds	\$ 2,825,915	\$ 2,825,915	\$ -
LGIP	1,458	1,458	
US Agency Securities	563,364	151,626	411,738
Corporate bonds	1,170,194	253,341	916,853
Municipal bonds	290,232	104,123	186,109
Certificates of deposit	1,350,693	807,401	543,292
Totals	\$ 6,201,856	\$ 4,143,864	\$ 2,057,992

Custodial Credit Risk

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

Note 4-Fair Value Measurements:

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

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

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

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 4-Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2020:

Investment	6/30/2020	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate Bonds	\$ 1,170,194	\$ 1,170,194	\$ -	\$ -
Municipal Bonds	290,232	290,232	-	-
Negotiable Certificates	1,350,693	1,350,693	-	-
U.S. Agencies	563,364	563,364	-	-

Note 5-Due from Other Governmental Units:

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

	Governmental Activities	Business-Type Activities	Component Unit School Board
Local:			
City of Covington	\$ 263,900	\$ -	\$ -
County of Bath	101,379	-	-
Clifton Forge	-	595,038	-
Commonwealth of Virginia:			
Local sales tax	161,955	-	-
State sales tax	315,415	-	-
Categorical aid, shared expenses	285,249	-	-
Other categorical aid	186,783	-	-
Non-categorical aid	60,811	-	-
Virginia public assistance funds	49,915	-	-
Community Services Authority	459,614	-	-
Federal government:			
Virginia public assistance funds	103,127	-	-
Categorical aid	42,273	-	210,164
	<u>\$ 2,030,421</u>	<u>\$ 595,038</u>	<u>\$ 210,164</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 6-Component-Unit Obligations and Contributions:

Primary government contributions to the component unit for the year ended June 30, 2020, consisted of the following:

Component Unit:	
School Board	\$ 11,368,796

At June 30, 2020, there were component unit obligations as noted:

	<u>Due From</u>	<u>Due To</u>
Primary Government	\$ 500,000	\$ -
Component Unit - School Board	-	500,000

Note 7-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, 2020.

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct borrowings and placements:				
General obligation bonds	\$ 2,571,431	\$ -	\$ (523,339)	\$ 2,048,092
Premium on issuance	14,838	-	(3,369)	11,469
Literary loans	2,250,000	-	(750,000)	1,500,000
Capital leases	9,090,000	-	(221,674)	8,868,326
Compensated absences	337,432	269,177	(253,074)	353,535
Net pension liability	4,382,201	4,194,561	(3,558,221)	5,018,541
Net OPEB liability	568,806	169,787	(152,579)	586,014
	<u>\$ 19,214,708</u>	<u>\$ 4,633,525</u>	<u>\$ (5,462,256)</u>	<u>\$ 18,385,977</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements:			
	General Obligation Bonds		Literary Loans	
	Principal	Interest	Principal	Interest
2021	\$ 541,736	\$ 83,589	\$ 750,000	\$ 30,000
2022	565,508	56,437	750,000	15,000
2023	179,493	38,507	-	-
2024	183,548	30,451	-	-
2025	187,860	22,141	-	-
2026-2027	389,947	18,052	-	-
Totals	\$ 2,048,092	\$ 249,177	\$ 1,500,000	\$ 45,000

COUNTY OF ALLEGHANY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-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:						
General Obligation Bonds						
VPSA Issuance	5.60%	3/20/01	2022	\$ 5,000,000	\$ 760,000	\$ 370,000
VPSA GO Bond - Series 2006	4.225% to 5.100%	11/1/06	2027	3,205,141	1,288,092	171,736
Total General Obligation Bonds					\$ 2,048,092	\$ 541,736
Premium on Issuance	n/a	n/a	n/a	n/a	\$ 11,469	\$ -
Literary Loans						
Literary Loan	2.00%	1/15/2002	2023	\$ 7,500,000	\$ 750,000	\$ 375,000
Literary Loan	2.00%	1/15/2002	2023	7,500,000	750,000	375,000
Total Literary Loans					\$ 1,500,000	\$ 750,000
Total Direct Borrowings and Placements					\$ 3,559,561	\$ 1,291,736
Other Obligations:						
Capital Lease	2.4095%	10/5/2017	2033	\$ 7,640,000	\$ 7,490,000	\$ 175,000
Capital Lease	3.8359%	3/21/2019	2034	1,450,000	1,378,326	76,010
Compensated Absences	n/a	n/a	n/a	n/a	353,535	265,151
Net Pension Liability	n/a	n/a	n/a	n/a	5,018,541	-
Net OPEB Liability	n/a	n/a	n/a	n/a	586,014	-
Total Other Obligations					\$ 14,826,416	\$ 516,161
Total Long-term obligations					\$ 18,385,977	\$ 1,807,897

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 7-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities:**

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2020.

	<u>Balance July 1, 2019</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2020</u>
Direct borrowings and placements:				
Revenue bonds	\$ 12,132,671	\$ 173,956	\$ (1,022,423)	\$ 11,284,204
Compensated absences	88,550	62,182	(66,413)	84,319
Net pension liability	344,090	428,587	(317,831)	454,846
Net OPEB liability	44,663	21,672	(13,223)	53,112
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 12,609,974</u>	<u>\$ 686,397</u>	<u>\$ (1,419,890)</u>	<u>\$ 11,876,481</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Placements</u>	
	<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,045,963	\$ 124,856
2022	966,752	119,825
2023	836,521	114,682
2024	706,404	109,423
2025	710,325	104,046
2026-2030	3,102,823	441,157
2031-2035	1,988,138	301,571
2036-2040	987,652	158,615
2041-2045	462,961	81,304
2046-2050	447,195	29,385
2051	29,470	134
	<u> </u>	<u> </u>
Totals	<u>\$ 11,284,204</u>	<u>\$ 1,584,998</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 7-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	\$ 309,463	\$ 11,058
VRA Bond	0.00%	12/17/99	2021	2,153,232	103,732	103,732
Rural Development Bond	2.25%	11/9/10	2051	2,429,000	2,092,885	48,721
VRA Bond	0.00%	12/8/10	2020	4,385,649	2,631,390	219,282
VRA Bond	3.00%	10/18/12	2044	563,500	458,908	14,689
VRA Bond	0.00%	12/13/00	2023	1,759,875	676,875	270,750
VRA Bond	1.45%	10/22/15	2038	3,733,313	3,310,463	173,136
VRA Bond	3.00%	2/1/05	2032	248,548	78,058	14,696
VRA Bond	0.00%	2/28/07	2029	3,408,175	1,448,474	170,409
VRA Bond*	0.00%	2/11/20	2041	779,606	173,956	19,490
Total Revenue Bonds					\$ 11,284,204	\$ 1,045,963
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 84,319	\$ 63,239
Net Pension Liability	n/a	n/a	n/a	n/a	454,846	-
Net OPEB Liability	n/a	n/a	n/a	n/a	53,112	-
Total Other Obligations					\$ 592,277	\$ 63,239
Total Long-term obligations					\$ 11,876,481	\$ 1,109,202

*As of June 30, 2020, only \$173,956 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, 2020, the County was not 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, 2020**Note 8-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, 2020.

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Compensated absences	\$ 168,489	\$ 216,670	\$ (126,367)	\$ 258,792
Net OPEB liabilities	4,377,574	905,123	(946,713)	4,335,984
Net pension liability	16,581,000	6,724,453	(5,296,532)	18,008,921
Total	\$ 21,127,063	\$ 7,846,246	\$ (6,369,612)	\$ 22,603,697

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
Other Obligations: (liquidated in School Operating Fund)		
Compensated absences	\$ 258,792	\$ 194,094
Net OPEB liabilities	4,335,984	-
Net pension liability	18,008,921	-
Total Long-Term Obligations	\$22,603,697	\$ 194,094

Note 9-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 hired 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 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 9-Pension Plans: (Continued)

Benefit Structures (Continued)

- c. Non-hazardous duty employees hired 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, 2020 was 11.43% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-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 \$869,995 and \$852,575 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

At June 30, 2020, the County reported a liability of \$5,473,387 for its proportionate share of the net pension liability. The County's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. In order to allocate the net pension liability to all employers included in the plan, the County is required to determine its proportionate share of the net pension liability. Creditable compensation as of June 30, 2019 and 2018 was used as a basis for allocation to determine the County's proportionate share of the net pension liability. At June 30, 2019 and 2018, the County's proportion was 98.0921% and 98.1550%, 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, 2018, 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, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)**Actuarial Assumptions - General Employees (Continued)**

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Alleghany County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

Mortality rates:

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

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Note 9-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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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, 2019, 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, 2019, 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, 2019 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	\$10,529,662	\$ 5,473,387	\$ 1,430,007

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

For the year ended June 30, 2020, the County recognized pension expense of \$673,758. 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, 2020**Note 9-Pension Plans: (Continued)*****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2020, 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	\$ 84,684	\$ 460,747
Changes in assumptions	819,116	39,332
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,153	42,418
Net difference between projected and actual earnings on pension plan investments	-	282,256
Employer contributions subsequent to the measurement date	869,995	-
Total	<u>\$ 1,807,948</u>	<u>\$ 824,753</u>

\$869,995 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, 2021. 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
2021	\$ 37,003
2022	(75,123)
2023	130,728
2024	20,592
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2018 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	81
Inactive members:	
Vested inactive members	8
Non-vested inactive members	14
Inactive members active elsewhere in VRS	10
Total inactive members	32
Active members	80
Total covered employees	193

Contributions

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2020 was 4.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$73,758 and \$73,458 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Net Pension Liability (Asset)***

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Component Unit School Board's (nonprofessional) net pension liability (asset) was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

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, 2018	\$ 10,363,049	\$ 10,752,440	\$ (389,391)
Changes for the year:			
Service cost	\$ 181,942	\$ -	\$ 181,942
Interest	701,983	-	701,983
Changes of assumptions	254,287	-	254,287
Differences between expected and actual experience	(111,769)	-	(111,769)
Contributions - employer	-	73,548	(73,548)
Contributions - employee	-	88,955	(88,955)
Net investment income	-	697,166	(697,166)
Benefit payments	(669,430)	(669,430)	-
Administrative expenses	-	(7,273)	7,273
Other changes	-	(437)	437
Net changes	\$ 357,013	\$ 182,529	\$ 174,484
Balances at June 30, 2019	\$ 10,720,062	\$ 10,934,969	\$ (214,907)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-Pension Plans: (Continued)****Component Unit School Board (Nonprofessional) (Continued)*****Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate***

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 850,519	\$ (214,907)	\$ (1,113,314)

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

For the year ended June 30, 2020, the Component Unit School Board (nonprofessional) recognized pension expense of \$69,671. At June 30, 2020, 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	\$ 5,664	\$ 67,938
Changes of assumptions	154,567	-
Net difference between projected and actual earnings on pension plan investments	-	91,359
Employer contributions subsequent to the measurement date	73,758	-
Total	\$ 233,989	\$ 159,297

Note 9-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)***

\$73,758 reported as deferred outflows of resources related to pensions resulting from the Component Unit School Board's (nonprofessional) contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2021. 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>
2021	\$ 64,135
2022	(70,196)
2023	(502)
2024	7,497
Thereafter	-

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

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,758,888 and \$1,751,956 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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, 2020, the school division reported a liability of \$18,008,921 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019 the school division's proportion was 0.13684% as compared to 0.14099% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$939,148. 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, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Component Unit School Board (professional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 1,153,187
Net difference between projected and actual earnings on pension plan investments	-	395,433
Changes of assumptions	1,783,305	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,795,938
Employer contributions subsequent to the measurement date	1,758,888	-
Total	\$ 3,542,193	\$ 3,344,558

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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)***

\$1,758,888 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, 2021. 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>
2021	\$ (675,921)
2022	(852,507)
2023	(226,978)
2024	93,725
2025	100,428
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Pension Plans: (Continued)

Component Unit School Board (Professional) (Continued)

Actuarial Assumptions (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 9-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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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

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

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

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

			Rate		
	1% Decrease		Current Discount		1% Increase
	(5.75%)		(6.75%)		(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 27,111,251	\$	18,008,921	\$	10,482,981

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 9-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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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, 2020.

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,807,948	\$ 824,753	\$ 5,473,387	\$ 673,758	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	233,989	159,297	(214,907)	69,671
School Board Professional	-	-	-	-	3,542,193	3,344,558	18,008,921	939,148
Totals	\$ 1,807,948	\$ 824,753	\$ 5,473,387	\$ 673,758	\$ 3,776,182	\$ 3,503,855	\$ 17,794,014	\$ 1,008,819

Note 10-Other Postemployment Benefits - Health Insurance:**Component Unit School Board:*****Plan Description***

In addition to the pension benefits described in Note 9, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-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, 2020 (measurement date), the following employees were covered by the benefit terms:

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

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Component Unit School Board. The amount paid by the Component Unit School Board for OPEB as the benefits came due during the year ended June 30, 2020 was \$91,587.

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2019 2.50% per year as of June 30, 2020
Salary Increases	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Discount Rate	3.5% as of June 30, 2019 2.21% as of June 30, 2020

Note 10-Other Postemployment Benefits - Health Insurance: (Continued)**Component Unit School Board: (Continued)*****Actuarial Assumptions (Continued)***

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.

Changes in Total OPEB Liability

		Component Unit School Board Total OPEB Liability
Balances at June 30, 2019	\$	1,447,574
Changes for the year:		
Service cost		51,314
Interest		50,872
Effect of Economic/Demographic Gains or Losses		(204,712)
Effect of assumptions changes or inputs		123,709
Benefit payments		(91,587)
Net changes		(70,404)
Balances at June 30, 2020	\$	1,377,170

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 10-Other Postemployment Benefits - Health Insurance: (Continued)****Component Unit School Board: (Continued)*****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following amounts present the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 1,451,589	\$ 1,377,170	\$ 1,302,068

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

The following presents the total OPEB liability of the Component Unit School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.20% decreasing to an ultimate rate of 3.00%) or one percentage point higher (8.60% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (4.20% decreasing to 3.00%)	Healthcare Cost Trend (6.20% decreasing to 4.00%)	1% Increase (7.20% decreasing to 5.00%)
\$ 1,240,835	\$ 1,377,170	\$ 1,533,703

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

For the year ended June 30, 2020, the Component Unit School Board recognized OPEB expense in the amount of \$87,760. At June 30, 2020, 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	\$ -	\$ 163,770
Changes in assumptions	115,241	12,482
Total	\$ 115,241	\$ 176,252

Note 10-Other Postemployment Benefits - Health Insurance: (Continued)**Component Unit School Board: (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(Continued)***

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

<u>Year Ended June 30</u>	
2021	\$ (14,426)
2022	(14,182)
2023	(16,200)
2024	(16,203)
2025	-
Thereafter	-

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 11-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.

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% ($1.31\% \times 60\%$) and the employer component was 0.52% ($1.31\% \times 40\%$). 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$41,043 and \$40,013 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board (nonprofessional) were \$9,911 and \$9,532 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board (professional) were \$60,161 and \$59,304 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 11-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

County of Alleghany, Virginia GLI Plan

At June 30, 2020, the entity reported a liability of \$639,126 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0393% as compared to 0.0404% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$18,691. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Component Unit School Board (nonprofessional) GLI Plan

At June 30, 2020, the entity reported a liability of \$152,312 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0936% as compared to 0.0958% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$1,861. 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, 2020, the entity reported a liability of \$947,557 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.0582% as compared to 0.0598% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$1,837. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-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, 2020, 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	\$ 42,505	\$ 8,291	\$ 10,130	\$ 1,975	\$ 63,018	\$ 12,290
Net difference between projected and actual earnings on GLI OPEB plan investments	-	13,129	-	3,129	-	19,464
Change in assumptions	40,351	19,273	9,616	4,593	59,823	28,573
Changes in proportion	26,733	14,526	-	7,820	-	85,456
Employer contributions subsequent to the measurement date	41,043	-	9,911	-	60,161	-
Total	\$ 150,632	\$ 55,219	\$ 29,657	\$ 17,517	\$ 183,002	\$ 145,783

\$41,043, \$9,911, and \$60,161 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, 2021. 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)
2021	\$ 6,183	\$ (1,120)	\$ (16,707)
2022	6,184	(1,120)	(16,707)
2023	11,743	205	(8,463)
2024	15,484	1,414	2,770
2025	12,019	2,158	12,017
Thereafter	2,757	692	4,148

Note 11-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, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Actuarial Assumptions: (Continued)****Mortality Rates - Teachers (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Note 11-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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Note 11-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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)****Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 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	\$ 839,635	\$ 639,126	\$ 476,519
Component Unit School Board's (nonprofessional) proportionate share of the GLI Plan Net OPEB Liability	\$ 200,096	\$ 152,312	\$ 113,561
Component Unit School Board's (professional) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,244,827	\$ 947,557	\$ 706,479

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-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 with at least 15 years of service credit, 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.

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.

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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, 2020 was 1.20% 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, 2017. 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 \$138,831 and \$136,748 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the school division reported a liability of \$1,780,241 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee Health Insurance Credit was 0.1360% as compared to 0.1401% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$114,435. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 12-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, 2020, 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	\$ -	\$ 10,083
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	112	-
Change in assumptions	41,434	12,370
Change in proportion	-	174,404
Employer contributions subsequent to the measurement date	<u>138,831</u>	<u>-</u>
Total	<u>\$ 180,377</u>	<u>\$ 196,857</u>

\$138,831 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$ (30,394)
2022	(30,396)
2023	(29,616)
2024	(29,877)
2025	(24,822)
Thereafter	(10,206)

Note 12-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, 2018, 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, 2019.

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Note 12-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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.97%
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The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 12-Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Long-Term Expected Rate of Return***

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Note 12-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, 2019, 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, 2019 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,992,393	\$ 1,780,241	\$ 1,600,019

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 13-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)*****Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members:	
Vested inactive members	3
Active members	80
Total covered employees	<u>83</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, 2020 was 0.60% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$11,413 and \$11,006 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The Component Unit School Board's (nonprofessional) net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13-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, 2018, 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, 2019.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13-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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Note 13-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)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 13-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, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 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, 2018	\$ 108,000	\$ 11,000	\$ 17,190,000
Changes for the year:			
Service cost	\$ 3,735	\$ -	\$ 3,735
Interest	7,490	-	7,490
Differences between expected and actual experience	(19,745)	-	(19,745)
Assumption changes	2,708	-	2,708
Contributions - employer	-	11,006	(11,006)
Net investment income	-	1,194	(1,194)
Benefit payments	(1,886)	(1,886)	-
Administrative expenses	-	(29)	29
Other changes	(56)	257	(313)
Net changes	\$ (7,754)	\$ 10,542	\$ (18,296)
Balances at June 30, 2019	\$ 100,246	\$ 21,542	\$ 78,704

Note 13-Health Insurance Credit (HIC) Plan-Component Unit School Board (nonprofessional) (OPEB Plan): (Continued)***Sensitivity of the Component Unit School Board's (nonprofessional) HIC Net OPEB Liability to Changes in the Discount Rate***

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Component Unit School Board's (nonprofessional) Net HIC OPEB Liability	\$ 90,665	\$ 78,704	\$ 68,469

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, 2020, the Component Unit School Board (nonprofessional) recognized HIC Plan OPEB expense of \$24,933. At June 30, 2020, 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	\$ 68,946	\$ 16,387
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5
Change in assumptions	2,247	-
Employer contributions subsequent to the measurement date	11,413	-
Total	\$ 82,606	\$ 16,392

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 13-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)***

\$11,413 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, 2021. 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

2021	\$	14,784
2021		14,784
2022		14,786
2023		12,999
2024		(2,552)
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14-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, 2020.

	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	\$ 150,632	\$ 55,219	\$ 639,126	\$ 18,691	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	29,657	17,517	152,312	1,861
School Board Professional	-	-	-	-	183,002	145,783	947,557	1,837
Health Insurance Credit Plan	-	-	-	-	82,606	16,392	78,704	24,933
Teacher Health Insurance Credit Plan	-	-	-	-	180,377	196,857	1,780,241	114,435
School Stand-Alone Plan	-	-	-	-	115,241	176,252	1,377,170	87,760
Totals	\$ 150,632	\$ 55,219	\$ 639,126	\$ 18,691	\$ 590,883	\$ 552,801	\$ 4,335,984	\$ 230,826

Note 15-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, 2020 was \$42,069.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 16-Capital Assets:**

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,577,209	\$ -	\$ -	\$ 3,577,209
Construction in progress	5,793,793	753,003	(165,902)	6,380,894
Total capital assets not being depreciated	<u>\$ 9,371,002</u>	<u>\$ 753,003</u>	<u>\$ (165,902)</u>	<u>\$ 9,958,103</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 36,849,783	\$ -	\$ -	\$ 36,849,783
Land improvements	2,730,063	-	-	2,730,063
Machinery and equipment	7,720,414	278,921	-	7,999,335
Total capital assets being depreciated	<u>\$ 47,300,260</u>	<u>\$ 278,921</u>	<u>\$ -</u>	<u>\$ 47,579,181</u>
Accumulated depreciation:				
Buildings and improvements	\$ (18,780,895)	\$ (1,126,717)	\$ -	\$ (19,907,612)
Land improvements	(70,039)	(68,252)	-	(138,291)
Machinery and equipment	(4,473,523)	(598,675)	-	(5,072,198)
Total accumulated depreciation	<u>\$ (23,324,457)</u>	<u>\$ (1,793,644)</u>	<u>\$ -</u>	<u>\$ (25,118,101)</u>
Total capital assets being depreciated, net	<u>\$ 23,975,803</u>	<u>\$ (1,514,723)</u>	<u>\$ -</u>	<u>\$ 22,461,080</u>
Governmental activities capital assets, net	<u>\$ 33,346,805</u>	<u>\$ (761,720)</u>	<u>\$ (165,902)</u>	<u>\$ 32,419,183</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 16-Capital Assets: (Continued)**

Primary Government: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 88,980	\$ -	\$ -	\$ 88,980
Construction in progress	66,572	378,315	-	444,887
Total capital assets not being depreciated	<u>\$ 155,552</u>	<u>\$ 378,315</u>	<u>\$ -</u>	<u>\$ 533,867</u>
Capital assets, being depreciated:				
Infrastructure	\$ 56,030,665	\$ -	\$ -	\$ 56,030,665
Machinery and equipment	802,882	-	-	802,882
Total capital assets being depreciated	<u>\$ 56,833,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,833,547</u>
Accumulated depreciation:				
Infrastructure	\$ (14,975,961)	\$ (1,012,949)	\$ -	\$ (15,988,910)
Machinery and equipment	(450,203)	(60,392)	-	(510,595)
Total accumulated depreciation	<u>\$ (15,426,164)</u>	<u>\$ (1,073,341)</u>	<u>\$ -</u>	<u>\$ (16,499,505)</u>
Total capital assets being depreciated, net	<u>\$ 41,407,383</u>	<u>\$ (1,073,341)</u>	<u>\$ -</u>	<u>\$ 40,334,042</u>
Business-type activities capital assets, net	<u>\$ 41,562,935</u>	<u>\$ (695,026)</u>	<u>\$ -</u>	<u>\$ 40,867,909</u>

Note 16-Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 563,890
Judicial administration	13,477
Public safety	425,782
Public works	88,251
Health and welfare	55,870
Education	547,914
Parks, recreation, and cultural	<u>98,460</u>
Total depreciation expense-governmental activities	<u>\$ 1,793,644</u>
Business-type activities:	
Water and sewer fund	<u>\$ 1,073,341</u>
Total depreciation expense-primary government	<u>\$ 2,866,985</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 16-Capital Assets: (Continued)**

Capital asset activity for the School Board for the year ended June 30, 2020 was as follows:

Discretely Presented Component Unit:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,019,216	\$ -	\$ -	\$ 1,019,216
Construction in progress	63,849	-	(63,849)	-
Total capital assets not being depreciated	<u>\$ 1,083,065</u>	<u>\$ -</u>	<u>\$ (63,849)</u>	<u>\$ 1,019,216</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 15,733,416	\$ 500,223	\$ -	\$ 16,233,639
Machinery and equipment	6,657,033	877,636	(22,999)	7,511,670
Total capital assets being depreciated	<u>\$ 22,390,449</u>	<u>\$ 1,377,859</u>	<u>\$ (22,999)</u>	<u>\$ 23,745,309</u>
Accumulated depreciation:				
Buildings and improvements	\$ (8,606,532)	\$ (528,312)	\$ -	\$ (9,134,844)
Machinery and equipment	(4,234,236)	(462,447)	22,999	(4,673,684)
Total accumulated depreciation	<u>\$ (12,840,768)</u>	<u>\$ (990,759)</u>	<u>\$ 22,999</u>	<u>\$ (13,808,528)</u>
Total capital assets being depreciated, net	<u>\$ 9,549,681</u>	<u>\$ 387,100</u>	<u>\$ -</u>	<u>\$ 9,936,781</u>
Governmental activities capital assets, net	<u>\$ 10,632,746</u>	<u>\$ 387,100</u>	<u>\$ (63,849)</u>	<u>\$ 10,955,997</u>

Note 17-Capital Leases:

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

\$5,593,044 in capital assets have been acquired through the capital lease issued for the purchase of radio equipment. As of June 30, 2020, the capital assets are in construction in progress, therefore, no depreciation has been taken.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 17-Capital Leases: (Continued)

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

Fire trucks	\$ 1,800,000
Total capital assets	<u>\$ 1,800,000</u>
Accumulated depreciation	<u>(200,219)</u>
Net book value of capital assets	<u><u>\$ 1,599,781</u></u>

Present value of future minimum lease payments:

Year Ending June 30,	Capital Lease
2021	\$ 481,516
2022	501,998
2023	941,758
2024	926,093
2025	910,434
2026-2030	4,298,208
2031-2034	<u>2,517,549</u>
Total minimum lease payments	\$ 10,577,556
Less: amount representing interest	<u>(1,709,230)</u>
Present value of future minimum lease payments	<u><u>\$ 8,868,326</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 18-Unearned and Deferred/Unavailable Revenue:

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

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings are not available for the funding of current expenditures	\$ -	\$ 690,993
Prepaid property taxes due after June 30 but paid in advance by taxpayers	19,653	19,653
Unearned revenue:		
Unspent Coronavirus Relief Funds received during the current fiscal year.	661,487	661,487
	\$ 681,140	\$ 1,372,133

Note 19-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, 2020**Note 20-Commitments and Contingencies:**

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

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

The County was involved in and initiated several projects during the fiscal year as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2020
Public Safety Radio Project	\$ 7,000,000	\$ 1,409,179
Rosedale Sanitary Sewer Rehabilitation	1,122,637	766,795

Note 21-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland - Surety:

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

Virginia Association of Counties Group Self Insurance Risk Pool:

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

VACoRP:

All School Board employees: blanket bond	\$ 250,000
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 22-Litigation:

At June 30, 2020, 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 23-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, 2020, no amounts were due under the agreement; however, the County expects payments to begin during the 2021 fiscal year.

Note 24-COVID-19 Pandemic Subsequent Event:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the "COVID-19 outbreak"). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The County of Alleghany, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The County of Alleghany, Virginia, received the second round of CRF funds in the amount of \$1,296,478 on August 10, 2020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 24-COVID-19 Pandemic Subsequent Event: (Continued)

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

Note 25-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 25-Upcoming Pronouncements: (Continued)

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

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

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

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 17,067,730	\$ 17,072,183	\$ 17,185,474	\$ 113,291
Other local taxes	2,805,000	2,805,000	2,983,930	178,930
Permits, privilege fees, and regulatory licenses	35,650	35,650	33,859	(1,791)
Fines and forfeitures	67,000	77,000	36,059	(40,941)
Revenue from the use of money and property	58,300	58,300	229,885	171,585
Charges for services	870,504	870,504	903,705	33,201
Miscellaneous	110,220	110,220	161,234	51,014
Recovered costs	1,866,571	1,902,323	1,679,665	(222,658)
Intergovernmental	12,854,335	15,701,772	12,939,355	(2,762,417)
Total revenues	\$ 35,735,310	\$ 38,632,952	\$ 36,153,166	\$ (2,479,786)
EXPENDITURES				
Current:				
General government administration	\$ 2,416,901	\$ 2,748,466	\$ 2,293,670	\$ 454,796
Judicial administration	2,030,761	2,121,472	1,885,442	236,030
Public safety	8,295,627	9,450,162	7,913,996	1,536,166
Public works	2,963,093	3,147,167	2,812,376	334,791
Health and welfare	4,316,582	4,440,983	4,498,575	(57,592)
Education	11,848,001	11,848,001	11,378,026	469,975
Parks, recreation, and cultural	1,893,536	1,953,636	847,868	1,105,768
Community development	2,195,232	3,045,314	411,713	2,633,601
Nondepartmental	109,014	227,525	-	227,525
Capital projects	-	3,866,906	631,806	3,235,100
Debt service:				
Principal retirement	1,034,593	1,495,025	1,495,013	12
Interest and other fiscal charges	383,470	383,470	383,467	3
Total expenditures	\$ 37,486,810	\$ 44,728,127	\$ 34,551,952	\$ 10,176,175
Excess (deficiency) of revenues over (under) expenditures	\$ (1,751,500)	\$ (6,095,175)	\$ 1,601,214	\$ 7,696,389
OTHER FINANCING SOURCES (USES)				
Issuance of note	\$ 1,750,000	\$ 1,750,000	\$ -	\$ (1,750,000)
Sale of capital assets	1,500	1,500	-	(1,500)
Total other financing sources (uses)	\$ 1,751,500	\$ 1,751,500	\$ -	\$ (1,751,500)
Net change in fund balances	\$ -	\$ (4,343,675)	\$ 1,601,214	\$ 5,944,889
Fund balances - beginning	-	4,343,675	11,288,097	6,944,422
Fund balances - ending	\$ -	\$ -	\$ 12,889,311	\$ 12,889,311

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, 2020

	Special Law Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,500	\$ 1,500	\$ 7,422	\$ 5,922
Miscellaneous	47,000	47,000	77,590	30,590
Total revenues	\$ 48,500	\$ 48,500	\$ 85,012	\$ 36,512
EXPENDITURES				
Current:				
Public safety	\$ 48,500	\$ 48,500	\$ 31,491	\$ 17,009
Total expenditures	\$ 48,500	\$ 48,500	\$ 31,491	\$ 17,009
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 53,521	\$ 53,521
Net change in fund balances	\$ -	\$ -	\$ 53,521	\$ 53,521
Fund balances - beginning	-	-	240,485	240,485
Fund balances - ending	\$ -	\$ -	\$ 294,006	\$ 294,006

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, 2019

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					
2019	98.0921%	\$ 5,473,387	\$ 7,694,778	71.13%	86.20%
2018	98.1550%	4,726,291	7,680,737	61.53%	87.40%
2017	98.0210%	4,742,655	7,149,766	66.33%	86.70%
2016	98.5707%	6,624,002	6,810,317	97.26%	80.95%
2015	99.6400%	6,769,225	6,838,216	98.99%	80.70%
2014	99.6400%	6,554,832	6,909,250	94.87%	80.72%
Component Unit School Board (professional)					
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 Alleghany, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 181,942	\$ 186,960	\$ 190,443	\$ 194,012	\$ 202,249	\$ 205,338
Interest	701,983	689,813	703,866	687,123	680,454	657,392
Changes of assumptions	254,287	-	(91,796)	-	-	-
Differences between expected and actual experience	(111,769)	23,642	(327,761)	(81,090)	(233,793)	-
Benefit payments	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Net change in total pension liability	\$ 357,013	\$ 116,747	\$ (92,605)	\$ 245,677	\$ 95,959	\$ 349,100
Total pension liability - beginning	\$ 10,363,049	\$ 10,246,302	\$ 10,338,907	\$ 10,093,230	\$ 9,997,231	\$ 9,648,131
Total pension liability - ending (a)	\$ 10,720,062	\$ 10,363,049	\$ 10,246,302	\$ 10,338,907	\$ 10,093,230	\$ 9,997,231
Plan fiduciary net position						
Contributions - employer	\$ 73,548	\$ 105,604	\$ 109,051	\$ 161,091	\$ 161,117	\$ 167,792
Contributions - employee	88,955	86,559	96,832	89,220	88,820	89,850
Net investment income	697,166	760,411	1,174,286	166,660	443,017	1,355,703
Benefit payments	(669,430)	(783,668)	(567,357)	(554,368)	(552,911)	(513,630)
Administrative charges	(7,273)	(6,920)	(7,001)	(6,273)	(6,277)	(7,457)
Other	(437)	(667)	(1,035)	(72)	(93)	72
Net change in plan fiduciary net position	\$ 182,529	\$ 161,319	\$ 804,776	\$ (143,742)	\$ 133,673	\$ 1,092,330
Plan fiduciary net position - beginning	\$ 10,752,440	\$ 10,591,121	\$ 9,786,345	\$ 9,930,087	\$ 9,796,414	\$ 8,704,084
Plan fiduciary net position - ending (b)	\$ 10,934,969	\$ 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)	\$ (214,907)	\$ (389,391)	\$ (344,819)	\$ 552,562	\$ 163,143	\$ 200,817
Plan fiduciary net position as a percentage of the total pension liability	102.00%	103.76%	103.37%	94.66%	98.38%	97.99%
Covered payroll	\$ 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	-11.74%	-21.38%	-18.78%	30.90%	9.09%	11.16%

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

County of Allegheny, Virginia
Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

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					
2020	\$ 869,995	\$ 869,995	\$ -	\$ 7,891,264	11.02%
2019	852,575	852,575	-	7,694,778	11.08%
2018	844,368	844,368	-	7,680,737	10.99%
2017	812,492	812,492	-	7,149,766	11.36%
2016	1,002,243	1,002,243	-	6,810,317	14.72%
2015	999,546	999,546	-	6,838,216	14.62%
Component Unit School Board (nonprofessional)					
2020	\$ 73,758	\$ 73,758	\$ -	\$ 1,901,939	3.88%
2019	73,458	73,458	-	1,830,668	4.01%
2018	105,604	105,604	-	1,821,022	5.80%
2017	109,051	109,051	-	1,835,735	5.94%
2016	161,091	161,091	-	1,788,428	9.01%
2015	161,117	161,117	-	1,794,106	8.98%
2014	167,792	167,792	-	1,800,159	9.32%
2013	179,312	179,312	-	1,921,890	9.33%
2012	102,371	102,371	-	1,871,505	5.47%
2011	103,401	103,401	-	1,890,329	5.47%
Component Unit School Board (professional)					
2020	\$ 1,758,888	\$ 1,758,888	\$ -	\$ 11,557,177	15.22%
2019	1,751,956	1,751,956	-	11,395,714	15.37%
2018	1,833,151	1,833,151	-	11,333,472	16.17%
2017	1,698,000	1,698,000	-	11,675,097	14.54%
2016	1,645,809	1,645,809	-	11,761,955	13.99%
2015	1,726,000	1,726,000	-	11,937,215	14.46%
2014	1,434,698	1,434,698	-	12,304,443	11.66%
2013	1,532,448	1,532,448	-	13,142,779	11.66%
2012	832,414	832,414	-	13,150,300	6.33%
2011	519,276	519,276	-	13,213,130	3.93%

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

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

County of Alleghany, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

County of Alleghany, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Measurement Dates of June 30, 2018 through June 30, 2020

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

Valuation Date: 7/1/2019
Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21% as of June 30, 2020; 3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2020; 2.50% per year as of June 30, 2019
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.20% in 2019 and gradually declines to 4.00% over 54 years.
Salary Increase Rates	The salary increase rate consist of an inflation of 2.50%, a productivity component of 1.00%, and a variable merit component that is dependent on years of services.
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for pre-retirement was calculated using RP-2014 Employee to age 80, Health Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed by service-related. The mortality rates for post-retirement was calculated using RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for post-disablement was calculated using RP-2014 Disabled Life Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

County of Alleghany, Virginia
Schedule of Employer's Share of the Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

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					
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)					
2019	0.0936% \$	152,312 \$	1,832,629	8.31%	52.00%
2018	0.0958%	145,000	1,821,022	7.96%	51.22%
2017	0.0100%	151,000	1,835,735	8.23%	48.86%
Component Unit School Board (professional)					
2019	0.0582% \$	947,557 \$	11,404,566	8.31%	52.00%
2018	0.0598%	908,000	11,333,472	8.01%	51.22%
2017	0.0634%	955,000	11,675,097	8.18%	48.86%

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

County of Allegheny, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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					
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)					
2020	\$ 9,911	\$ 9,911	\$ -	\$ 1,905,978	0.52%
2019	9,532	9,532	-	1,832,629	0.52%
2018	9,478	9,478	-	1,821,022	0.52%
2017	9,599	9,599	-	1,835,735	0.52%
2016	8,643	8,643	-	1,788,428	0.48%
2015	8,723	8,723	-	1,794,106	0.49%
2014	8,669	8,669	-	1,800,159	0.48%
2013	9,225	9,225	-	1,921,890	0.48%
2012	5,240	5,240	-	1,871,505	0.28%
2011	5,293	5,293	-	1,890,329	0.28%
Component Unit School Board (professional)					
2020	\$ 60,161	\$ 60,161	\$ -	\$ 11,557,177	0.52%
2019	59,304	59,304	-	11,404,566	0.52%
2018	59,103	59,103	-	11,333,472	0.52%
2017	60,848	60,848	-	11,675,097	0.52%
2016	56,883	56,883	-	11,761,955	0.48%
2015	57,576	57,576	-	11,937,215	0.48%
2014	59,117	59,117	-	12,304,443	0.48%
2013	63,095	63,095	-	13,142,779	0.48%
2012	36,851	36,851	-	13,150,300	0.28%
2011	37,006	37,006	-	13,213,130	0.28%

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

County of Alleghany, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Alleghany, Virginia
 Schedule of Component Unit School Board's (professional) Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

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)
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, 2011 through June 30, 2020

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)					
2020	\$ 138,831	\$ 138,831	\$ -	\$ 11,557,177	1.20%
2019	136,748	136,748	-	11,395,714	1.20%
2018	139,405	139,405	-	11,333,472	1.23%
2017	129,845	129,845	-	11,675,097	1.11%
2016	125,236	125,236	-	11,761,955	1.06%
2015	126,579	126,579	-	11,937,215	1.06%
2014	136,626	136,626	-	12,304,443	1.11%
2013	145,885	145,885	-	13,142,779	1.11%
2012	78,902	78,902	-	13,150,300	0.60%
2011	79,279	79,279	-	13,213,130	0.60%

County of Alleghany, Virginia
Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Alleghany, Virginia
Schedule of Changes in the Component Unit School Board's (nonprofessional) Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2019 and 2018

	2019	2018
Total HIC OPEB Liability		
Service cost	\$ 3,735	\$ 4,000
Interest	7,490	-
Differences between expected and actual experience	(19,745)	104,000
Changes of assumptions	2,708	-
Benefit payments	(1,886)	-
Other changes	(56)	-
Net change in total HIC OPEB liability	\$ (7,754)	\$ 108,000
Total HIC OPEB Liability - beginning	108,000	-
Total HIC OPEB Liability - ending (a)	\$ <u>100,246</u>	\$ <u>108,000</u>
Plan fiduciary net position		
Contributions - employer	\$ 11,006	\$ 11,000
Net investment income	1,194	-
Benefit payments	(1,886)	-
Administrative charges	(29)	-
Other	257	-
Net change in plan fiduciary net position	\$ 10,542	\$ 11,000
Plan fiduciary net position - beginning	11,000	-
Plan fiduciary net position - ending (b)	\$ <u>21,542</u>	\$ <u>11,000</u>
Component Unit School Board's (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 78,704	\$ 97,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	21.49%	10.19%
Covered payroll	\$ 1,830,668	\$ 1,821,022
Component Unit School Board's (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	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, 2020

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)					
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, 2020

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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

FIDUCIARY FUNDS

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

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

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

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

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

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

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

County of Alleghany, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds									
	Friends of Youth	Human & Leisure Service	Humane Society Capital Improvements	Jackson River Vocational Center	Special Welfare	United Fire & Rescue Association	Alleghany Highlands Economic Development Corporation	Total		
ASSETS										
Cash and cash equivalents	\$ 3,593	\$ 822	\$ 5,131	\$ 439,051	\$ 9,934	\$ 550,241	\$ 181,875	\$ 1,190,647		
Total assets	\$ 3,593	\$ 822	\$ 5,131	\$ 439,051	\$ 9,934	\$ 550,241	\$ 181,875	\$ 1,190,647		
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,694	\$ 60,694		
Accrued liabilities	-	-	-	-	-	-	5,082	5,082		
Amounts held for AHEDC	-	-	-	-	-	-	116,099	116,099		
Amounts held for social services clients	-	-	-	-	9,934	-	-	9,934		
Amounts held for Friends of Youth	3,593	-	-	-	-	-	-	3,593		
Amounts held for Human and Leisure activity	-	822	-	-	-	-	-	822		
Amounts held for Jackson River Vocational Center	-	-	-	439,051	-	-	-	439,051		
Amounts held for United Fire and Rescue Association	-	-	-	-	-	550,241	-	550,241		
Amounts held for Humane Society	-	-	5,131	-	-	-	-	5,131		
Total liabilities	\$ 3,593	\$ 822	\$ 5,131	\$ 439,051	\$ 9,934	\$ 550,241	\$ 181,875	\$ 1,190,647		

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, 2020

	School Operating <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,491,339	\$ 232,711	\$ 5,724,050
Cash in custody of others	280,995	-	280,995
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,828	-	1,828
Due from other governmental units	210,164	-	210,164
Prepaid items	426,992	1,300	428,292
Total assets	<u>\$ 6,411,318</u>	<u>\$ 234,011</u>	<u>\$ 6,645,329</u>
LIABILITIES			
Accounts payable	\$ 87,242	\$ -	\$ 87,242
Accrued liabilities	991,094	-	991,094
Due to primary government	500,000	-	500,000
Unearned revenue	-	6,000	6,000
Total liabilities	<u>\$ 1,578,336</u>	<u>\$ 6,000</u>	<u>\$ 1,584,336</u>
FUND BALANCES			
Nonspendable	\$ 426,992	\$ 1,300	\$ 428,292
Restricted for the school food program	280,995	-	280,995
Restricted for school consolidation	206,093	-	206,093
Committed	3,918,902	226,711	4,145,613
Total fund balances	<u>\$ 4,832,982</u>	<u>\$ 228,011</u>	<u>\$ 5,060,993</u>
Total liabilities and fund balances	<u>\$ 6,411,318</u>	<u>\$ 234,011</u>	<u>\$ 6,645,329</u>

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

Total fund balances per above		\$ 5,060,993
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 1,019,216	
Buildings and improvements	7,098,795	
Machinery and equipment	<u>2,837,986</u>	10,955,997
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Net pension asset		214,907
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 3,776,182	
OPEB related items	<u>590,883</u>	4,367,065
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (258,792)	
Net OPEB liabilities	(4,335,984)	
Net pension liability	<u>(18,008,921)</u>	(22,603,697)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (3,503,855)	
OPEB related items	<u>(552,801)</u>	(4,056,656)
Net position of governmental activities		<u>\$ (6,061,391)</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, 2020

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ 31,118	\$ -	\$ 31,118
Charges for services	268,199	143,047	411,246
Miscellaneous	197,859	-	197,859
Recovered costs	84,178	-	84,178
Intergovernmental	25,914,485	99,802	26,014,287
Total revenues	<u>\$ 26,495,839</u>	<u>\$ 242,849</u>	<u>\$ 26,738,688</u>
EXPENDITURES			
Current:			
Education	\$ 27,051,205	\$ 218,638	\$ 27,269,843
Capital projects	614,687	-	614,687
Total expenditures	<u>\$ 27,665,892</u>	<u>\$ 218,638</u>	<u>\$ 27,884,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,170,053)</u>	<u>\$ 24,211</u>	<u>\$ (1,145,842)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 59,451	\$ -	\$ 59,451
Transfers out	-	(59,451)	(59,451)
Sale of capital assets	9,042	-	9,042
Total other financing sources (uses)	<u>\$ 68,493</u>	<u>\$ (59,451)</u>	<u>\$ 9,042</u>
Net change in fund balances	\$ (1,101,560)	\$ (35,240)	\$ (1,136,800)
Fund balances - beginning	5,934,542	263,251	6,197,793
Fund balances - ending	<u>\$ 4,832,982</u>	<u>\$ 228,011</u>	<u>\$ 5,060,993</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (1,136,800)

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

Capital outlay	\$ 1,314,010	
Depreciation expense	<u>(990,759)</u>	323,251

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	\$ (90,303)	
Change in OPEB related items	82,540	
Change in pension related items	<u>825,998</u>	818,235

Change in net position of governmental activities		<u>\$ 4,686</u>
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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, 2020

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 19,580	\$ 19,580	\$ 31,118	\$ 11,538
Charges for services	476,807	476,807	268,199	(208,608)
Miscellaneous	124,367	124,367	197,859	73,492
Recovered costs	76,656	76,656	84,178	7,522
Intergovernmental	26,214,866	26,214,866	25,914,485	(300,381)
Total revenues	<u>\$ 26,912,276</u>	<u>\$ 26,912,276</u>	<u>\$ 26,495,839</u>	<u>\$ (416,437)</u>
EXPENDITURES				
Current:				
Education	\$ 27,497,891	\$ 27,497,891	\$ 27,051,205	\$ 446,686
Capital projects	669,773	669,773	614,687	55,086
Total expenditures	<u>\$ 28,167,664</u>	<u>\$ 28,167,664</u>	<u>\$ 27,665,892</u>	<u>\$ 501,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,255,388)</u>	<u>\$ (1,255,388)</u>	<u>\$ (1,170,053)</u>	<u>\$ 85,335</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 59,451	\$ 59,451
Sale of capital assets	5,000	5,000	9,042	4,042
Total other financing sources (uses)	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 68,493</u>	<u>\$ 63,493</u>
Net change in fund balances	<u>\$ (1,250,388)</u>	<u>\$ (1,250,388)</u>	<u>\$ (1,101,560)</u>	<u>\$ 148,828</u>
Fund balances - beginning	1,250,388	1,250,388	5,934,542	4,684,154
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,832,982</u>	<u>\$ 4,832,982</u>

County of Alleghany, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds - Discretely Presented Component Unit - School Board
June 30, 2020

	Alleghany Highlands <u>Fund</u>	Governor's School <u>Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 232,711	\$ 232,711
Prepaid items	-	1,300	1,300
Total assets	<u>\$ -</u>	<u>\$ 234,011</u>	<u>\$ 234,011</u>
LIABILITIES			
Unearned revenue	\$ -	\$ 6,000	\$ 6,000
Total liabilities	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 1,300	\$ 1,300
Committed	-	226,711	226,711
Total fund balances	<u>\$ -</u>	<u>\$ 228,011</u>	<u>\$ 228,011</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 234,011</u>	<u>\$ 234,011</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, 2020

	Alleghany Highlands <u>Fund</u>	Governor's School <u>Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ -	\$ 143,047	\$ 143,047
Intergovernmental	-	99,802	99,802
Total revenues	<u>\$ -</u>	<u>\$ 242,849</u>	<u>\$ 242,849</u>
EXPENDITURES			
Current:			
Education	\$ -	\$ 218,638	\$ 218,638
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 24,211</u>	<u>\$ 24,211</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (59,451)	\$ -	\$ (59,451)
Total other financing sources and uses	<u>\$ (59,451)</u>	<u>\$ -</u>	<u>\$ (59,451)</u>
Net change in fund balances	\$ (59,451)	\$ 24,211	\$ (35,240)
Fund balances - beginning	59,451	203,800	263,251
Fund balances - ending	<u>\$ -</u>	<u>\$ 228,011</u>	<u>\$ 228,011</u>

Supporting Schedules

County of Alleghany, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,546,730	\$ 7,551,183	\$ 7,619,268	\$ 68,085
Real and personal public service corporation taxes	1,275,000	1,275,000	1,389,172	114,172
Personal property taxes	2,541,000	2,541,000	2,479,578	(61,422)
Mobile home taxes	24,000	24,000	20,232	(3,768)
Machinery and tools taxes	5,507,000	5,507,000	5,518,073	11,073
Penalties	104,000	104,000	97,542	(6,458)
Interest	70,000	70,000	61,609	(8,391)
Total general property taxes	<u>\$ 17,067,730</u>	<u>\$ 17,072,183</u>	<u>\$ 17,185,474</u>	<u>\$ 113,291</u>
Other local taxes:				
Local sales and use taxes	\$ 805,000	\$ 805,000	\$ 983,230	\$ 178,230
Consumers' utility taxes	285,000	285,000	249,713	(35,287)
Probate taxes	5,000	5,000	5,699	699
Business license taxes	400,000	400,000	456,121	56,121
Utility consumption taxes	225,000	225,000	181,090	(43,910)
Motor vehicle licenses	400,000	400,000	409,683	9,683
Taxes on recordation and wills	55,000	55,000	84,970	29,970
Hotel and motel room taxes	235,000	235,000	157,418	(77,582)
Restaurant food taxes	395,000	395,000	456,006	61,006
Total other local taxes	<u>\$ 2,805,000</u>	<u>\$ 2,805,000</u>	<u>\$ 2,983,930</u>	<u>\$ 178,930</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 7,000	\$ 7,000	\$ 7,230	\$ 230
Land use application fees	300	300	316	16
Transfer fees	650	650	587	(63)
Zoning and subdivision fees	2,500	2,500	1,497	(1,003)
Erosion and sediment control	800	800	315	(485)
Permits and other licenses	24,400	24,400	23,914	(486)
Total permits, privilege fees, and regulatory licenses	<u>\$ 35,650</u>	<u>\$ 35,650</u>	<u>\$ 33,859</u>	<u>\$ (1,791)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 67,000	\$ 77,000	\$ 36,059	\$ (40,941)
Total fines and forfeitures	<u>\$ 67,000</u>	<u>\$ 77,000</u>	<u>\$ 36,059</u>	<u>\$ (40,941)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 50,800	\$ 50,800	\$ 223,125	\$ 172,325
Revenue from use of property	7,500	7,500	6,760	(740)
Total revenue from use of money and property	<u>\$ 58,300</u>	<u>\$ 58,300</u>	<u>\$ 229,885</u>	<u>\$ 171,585</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 9,304	\$ 9,304	\$ 3,175	\$ (6,129)
Charges for courthouse maintenance	12,000	12,000	10,572	(1,428)
Sale of publications and maps	50	50	-	(50)
Charges for gasoline	81,000	81,000	46,390	(34,610)
Charges for Commonwealth's Attorney	3,500	3,500	563	(2,937)
Miscellaneous jail and inmate fees	5,050	5,050	4,258	(792)

County of Alleghany, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Charges for sanitation and waste removal	\$ 255,000	\$ 255,000	\$ 342,629	\$ 87,629
Charges for copies	4,100	4,100	3,633	(467)
Charges for parks and recreation	35,000	35,000	29,153	(5,847)
Charges for law library	4,500	4,500	4,043	(457)
Charges for courthouse security	60,000	60,000	46,262	(13,738)
Charges for refuse fees	395,000	395,000	408,398	13,398
Charges for other services	6,000	6,000	4,629	(1,371)
Total charges for services	\$ 870,504	\$ 870,504	\$ 903,705	\$ 33,201
Miscellaneous:				
Miscellaneous	\$ 80,100	\$ 80,100	\$ 88,833	\$ 8,733
Donations	20,120	20,120	12,580	(7,540)
Sale of surplus	10,000	10,000	10,715	715
Alleghany Foundation contributions	-	-	49,106	49,106
Total miscellaneous	\$ 110,220	\$ 110,220	\$ 161,234	\$ 51,014
Recovered costs:				
Care of prisoners	\$ 200,000	\$ 200,000	\$ 172,620	\$ (27,380)
Co-payment for medical charges	16,000	16,000	25,584	9,584
LOA County reimbursement	16,200	16,200	9,730	(6,470)
Health department	1,500	1,500	-	(1,500)
Bath county-jail	80,000	80,000	101,378	21,378
Covington-magistrate, probation	4,900	4,900	3,736	(1,164)
Clifton Forge E911	80,000	80,000	123,052	43,052
Covington-welfare	295,505	295,505	193,433	(102,072)
General government	910,809	910,809	847,212	(63,597)
General District Court postage	5,000	5,000	-	(5,000)
CIT assessment reimbursements	254,119	254,119	157,266	(96,853)
Other recovered costs	2,538	38,290	45,654	7,364
Total recovered costs	\$ 1,866,571	\$ 1,902,323	\$ 1,679,665	\$ (222,658)
Total revenue from local sources	\$ 22,880,975	\$ 22,931,180	\$ 23,213,811	\$ 282,631
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 91,000	\$ 91,000	\$ 91,963	\$ 963
Mobile home titling tax	15,000	15,000	9,157	(5,843)
State recordation tax	6,500	6,500	32,788	26,288
Communication taxes	370,000	370,000	343,271	(26,729)
Additional tax on deeds	20,000	20,000	18,212	(1,788)
Personal property tax relief funds	1,610,808	1,610,808	1,610,808	-
Total noncategorical aid	\$ 2,113,308	\$ 2,113,308	\$ 2,106,199	\$ (7,109)

County of Alleghany, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 437,840	\$ 494,537	\$ 383,933	\$ (110,604)
Sheriff	2,379,578	2,379,578	2,376,953	(2,625)
Commissioner of revenue	135,102	135,102	134,683	(419)
Treasurer	120,893	120,893	113,312	(7,581)
Registrar/electoral board	43,000	51,420	51,420	-
Clerk of the Circuit Court	321,436	349,280	339,834	(9,446)
Total shared expenses	\$ 3,437,849	\$ 3,530,810	\$ 3,400,135	\$ (130,675)
Other categorical aid:				
Welfare administration and public assistance	\$ 775,820	\$ 775,820	\$ 620,945	\$ (154,875)
Comprehensive services act	1,130,640	1,166,138	1,374,475	208,337
Wireless E-911 grant	45,000	45,000	66,184	21,184
Drug asset forfeiture revenue	12,800	12,800	2,283	(10,517)
Emergency medical services	50,000	50,000	-	(50,000)
IPR funds	3,100	3,100	-	(3,100)
Litter control grant	15,400	15,400	12,385	(3,015)
Fire services grant	40,000	40,000	43,626	3,626
State sales tax	2,547,711	2,547,711	2,598,427	50,716
Criminal Justice Grant	-	-	1,627	1,627
VITA Grant	9,000	9,000	-	(9,000)
Stormwater grant	5,000	5,000	-	(5,000)
Victim witness	245,112	245,112	53,239	(191,873)
Virginia Commission for the Arts grant	4,500	4,500	4,500	-
Other state grants	-	15,000	5,000	(10,000)
Total other categorical aid	\$ 4,884,083	\$ 4,934,581	\$ 4,782,691	\$ (151,890)
Total categorical aid	\$ 8,321,932	\$ 8,465,391	\$ 8,182,826	\$ (282,565)
Total revenue from the Commonwealth	\$ 10,435,240	\$ 10,578,699	\$ 10,289,025	\$ (289,674)
Revenue from the federal government:				
Payments in lieu of taxes	\$ 250,000	\$ 250,000	\$ 407,684	\$ 157,684
Categorical aid:				
Welfare administration and public assistance	\$ 1,139,737	\$ 1,139,737	\$ 1,349,999	\$ 210,262
State and community highway safety	20,000	20,000	12,294	(7,706)
T-21 trail grant	1,009,358	1,009,358	-	(1,009,358)
Community development block grants	-	1,400,000	46,629	(1,353,371)
Emergency Management Preparedness grant	-	7,500	-	(7,500)
Victim witness	-	-	159,715	159,715

County of Alleghany, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid: (Continued)				
RD business development grant	\$ -	\$ -	\$ 27,009	\$ 27,009
Self-determination act	-	-	12,009	12,009
Coronavirus relief fund	-	1,296,478	634,991	(661,487)
Total categorical aid	<u>\$ 2,169,095</u>	<u>\$ 4,873,073</u>	<u>\$ 2,242,646</u>	<u>\$ (2,630,427)</u>
 Total revenue from the federal government	 <u>\$ 2,419,095</u>	 <u>\$ 5,123,073</u>	 <u>\$ 2,650,330</u>	 <u>\$ (2,472,743)</u>
 Total General Fund	 <u>\$ 35,735,310</u>	 <u>\$ 38,632,952</u>	 <u>\$ 36,153,166</u>	 <u>\$ (2,479,786)</u>
 Special Revenue Fund:				
Special Law Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,500	\$ 1,500	\$ 7,422	\$ 5,922
Total revenue from use of money and property	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 7,422</u>	<u>\$ 5,922</u>
 Miscellaneous:				
Vending machine collections	\$ 32,000	\$ 32,000	\$ 48,594	\$ 16,594
Jail commissary collections	15,000	15,000	28,196	13,196
Work release collections	-	-	800	800
Total miscellaneous	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 77,590</u>	<u>\$ 30,590</u>
 Total revenue from local sources	 <u>\$ 48,500</u>	 <u>\$ 48,500</u>	 <u>\$ 85,012</u>	 <u>\$ 36,512</u>
 Total Special Law Fund	 <u>\$ 48,500</u>	 <u>\$ 48,500</u>	 <u>\$ 85,012</u>	 <u>\$ 36,512</u>
 Total Primary Government	 <u>\$ 35,783,810</u>	 <u>\$ 38,681,452</u>	 <u>\$ 36,238,178</u>	 <u>\$ (2,443,274)</u>
 Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 19,580	\$ 19,580	\$ 31,118	\$ 11,538
Total revenue from use of money and property	<u>\$ 19,580</u>	<u>\$ 19,580</u>	<u>\$ 31,118</u>	<u>\$ 11,538</u>
 Charges for services:				
Charges for education	\$ 12,063	\$ 12,063	\$ 7,712	\$ (4,351)
Cafeteria sales ¹	434,870	434,870	233,795	(201,075)
Use of buses and facilities	29,874	29,874	26,692	(3,182)
Total charges for services	<u>\$ 476,807</u>	<u>\$ 476,807</u>	<u>\$ 268,199</u>	<u>\$ (208,608)</u>
 Miscellaneous:				
Other miscellaneous	\$ 124,367	\$ 124,367	\$ 197,859	\$ 73,492
Total miscellaneous	<u>\$ 124,367</u>	<u>\$ 124,367</u>	<u>\$ 197,859</u>	<u>\$ 73,492</u>

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

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Erate	\$ 67,056	\$ 67,056	\$ 65,096	\$ (1,960)
Other recovered costs	9,600	9,600	19,082	9,482
Total recovered costs	<u>\$ 76,656</u>	<u>\$ 76,656</u>	<u>\$ 84,178</u>	<u>\$ 7,522</u>
 Total revenue from local sources	 <u>\$ 697,410</u>	 <u>\$ 697,410</u>	 <u>\$ 581,354</u>	 <u>\$ (116,056)</u>
 Intergovernmental:				
Revenues from local governments:				
Contribution from County of Alleghany, Virginia	\$ 11,838,771	\$ 11,838,771	\$ 11,368,796	\$ (469,975)
Total revenues from local governments	<u>\$ 11,838,771</u>	<u>\$ 11,838,771</u>	<u>\$ 11,368,796</u>	<u>\$ (469,975)</u>
 Revenue from the Commonwealth:				
Categorical aid:				
Basic school aid	\$ 6,578,542	\$ 6,578,542	\$ 6,384,963	\$ (193,579)
Remedial summer education	44,442	44,442	40,800	(3,642)
Regular foster care	-	-	17,182	17,182
GED prep program	20,181	20,181	54,253	34,072
Gifted and talented	67,708	67,708	66,455	(1,253)
Remedial education	273,540	273,540	268,477	(5,063)
Enrollment loss	277,068	277,068	-	(277,068)
Special education	812,496	812,496	797,457	(15,039)
Textbook payment	136,350	136,350	133,826	(2,524)
Capital improvement funds	-	-	164,415	164,415
Vocational standards of quality payments	262,707	262,707	257,844	(4,863)
Social security fringe benefits	413,019	413,019	405,374	(7,645)
Retirement fringe benefits	912,704	912,704	895,809	(16,895)
Governor's school grant	87,909	87,909	-	(87,909)
State lottery payments	489,276	489,276	486,462	(2,814)
Early reading intervention	54,592	54,592	54,592	-
School food	16,521	16,521	13,386	(3,135)
Salary supplement	416,025	416,025	409,091	(6,934)
Homebound	10,658	10,658	12,271	1,613
At risk payments	334,036	334,036	331,266	(2,770)
Preschool pilot program	229,097	229,097	202,144	(26,953)
Technology	232,000	232,000	149,616	(82,384)
Standards of Learning algebra readiness	33,704	33,704	31,841	(1,863)
Group life insurance	28,437	28,437	27,911	(526)
Career and Technical Education	39,967	39,967	151,075	111,108
Mentor teacher program	4,540	4,540	2,528	(2,012)
Primary class size	239,416	239,416	251,336	11,920
New tech grant	82,000	82,000	87,187	5,187
Targeted joint school division grant	-	-	400,000	400,000
Special education regional tuition	255,636	255,636	174,266	(81,370)
Other state funds	5,733	5,733	9,733	4,000
Total categorical aid	<u>\$ 12,358,304</u>	<u>\$ 12,358,304</u>	<u>\$ 12,281,560</u>	<u>\$ (76,744)</u>
 Total revenue from the Commonwealth	 <u>\$ 12,358,304</u>	 <u>\$ 12,358,304</u>	 <u>\$ 12,281,560</u>	 <u>\$ (76,744)</u>

County of Alleghany, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal land use	\$ 24,792	\$ 24,792	\$ 115,862	\$ 91,070
Title I	597,529	597,529	543,647	(53,882)
Title VI-B, special education flow-through	545,064	545,064	558,328	13,264
Title VI-B, special education pre-school	20,793	20,793	10,022	(10,771)
Vocational education	39,154	39,154	43,733	4,579
Title II - Part A	77,556	77,556	78,799	1,243
School food program	630,000	630,000	807,824	177,824
Other federal funds	40,130	40,130	42,105	1,975
Title IV Part A academic enrichment	42,226	42,226	62,294	20,068
Title III - Part A	547	547	1,515	968
Total categorical aid	<u>\$ 2,017,791</u>	<u>\$ 2,017,791</u>	<u>\$ 2,264,129</u>	<u>\$ 246,338</u>
Total revenue from the federal government	<u>\$ 2,017,791</u>	<u>\$ 2,017,791</u>	<u>\$ 2,264,129</u>	<u>\$ 246,338</u>
Total School Operating Fund	<u>\$ 26,912,276</u>	<u>\$ 26,912,276</u>	<u>\$ 26,495,839</u>	<u>\$ (416,437)</u>
Nonmajor Special Revenue funds:				
Governor's School Fund:				
Revenue from local sources:				
Charges for services:				
Tuition	\$ 189,621	\$ 189,621	\$ 143,047	\$ (46,574)
Total charges for services	<u>\$ 189,621</u>	<u>\$ 189,621</u>	<u>\$ 143,047</u>	<u>\$ (46,574)</u>
Total revenue from local sources	<u>\$ 189,621</u>	<u>\$ 189,621</u>	<u>\$ 143,047</u>	<u>\$ (46,574)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Governor's school grant	\$ 113,909	\$ 113,909	\$ 99,802	\$ (14,107)
Total categorical aid	<u>\$ 113,909</u>	<u>\$ 113,909</u>	<u>\$ 99,802</u>	<u>\$ (14,107)</u>
Total revenue from the Commonwealth	<u>\$ 113,909</u>	<u>\$ 113,909</u>	<u>\$ 99,802</u>	<u>\$ (14,107)</u>
Total Governor's School Fund	<u>\$ 303,530</u>	<u>\$ 303,530</u>	<u>\$ 242,849</u>	<u>\$ (60,681)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 27,215,806</u>	<u>\$ 27,215,806</u>	<u>\$ 26,738,688</u>	<u>\$ (477,118)</u>

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 67,338	\$ 63,822	\$ 63,822	\$ -
Total legislative	\$ 67,338	\$ 63,822	\$ 63,822	\$ -
General and financial administration:				
County administrator	\$ 839,716	\$ 969,032	\$ 868,999	\$ 100,033
Personnel	12,800	12,800	12,566	234
Legal services	35,000	54,000	29,304	24,696
Special legal services	5,000	5,000	1,576	3,424
Commissioner of the revenue	420,424	420,424	403,343	17,081
Reassessment	50,000	148,845	-	148,845
Equalization board	-	2,848	934	1,914
Automotive motor pool	351,903	394,853	302,019	92,834
Treasurer	425,464	425,464	384,756	40,708
Audit services	58,000	63,000	59,249	3,751
Technology department	8,700	30,176	8,900	21,276
Total general and financial administration	\$ 2,207,007	\$ 2,526,442	\$ 2,071,646	\$ 454,796
Board of elections:				
Registrar	\$ 99,089	\$ 96,718	\$ 96,718	\$ -
Electoral board and officials	43,467	61,484	61,484	-
Total board of elections	\$ 142,556	\$ 158,202	\$ 158,202	\$ -
Total general government administration	\$ 2,416,901	\$ 2,748,466	\$ 2,293,670	\$ 454,796
Judicial administration:				
Courts:				
Circuit court	\$ 75,191	\$ 75,291	\$ 73,100	\$ 2,191
General district court	24,189	24,189	14,620	9,569
Special magistrates	2,826	2,726	1,359	1,367
Sheriff	504,287	504,288	504,288	-
Law library	4,500	4,500	3,910	590
Clerk of the circuit court	506,723	534,569	501,164	33,405
Total courts	\$ 1,117,716	\$ 1,145,563	\$ 1,098,441	\$ 47,122
Commonwealth's attorney:				
Commonwealth's attorney	\$ 913,045	\$ 975,909	\$ 787,001	\$ 188,908
Total commonwealth's attorney	\$ 913,045	\$ 975,909	\$ 787,001	\$ 188,908
Total judicial administration	\$ 2,030,761	\$ 2,121,472	\$ 1,885,442	\$ 236,030
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,291,378	\$ 2,320,430	\$ 2,226,738	\$ 93,692
Crime prevention	20,120	20,120	1,528	18,592
DARE program	68,067	68,067	67,475	592

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Law enforcement and traffic control: (Continued)				
School resource officer	\$ 310,348	\$ 310,347	\$ 305,894	\$ 4,453
Radar transportation	15,204	15,204	15,204	-
Drug asset forfeiture	8,500	8,500	-	8,500
CIT assessment	187,771	188,736	170,353	18,383
Total law enforcement and traffic control	\$ 2,901,388	\$ 2,931,404	\$ 2,787,192	\$ 144,212
Fire and rescue services:				
Fire departments	\$ 68,600	\$ 68,600	\$ 68,590	\$ 10
Volunteer fire departments	356,217	358,352	358,346	6
Emergency services	250	250	244	6
Ambulance and rescue services	373,692	373,692	372,338	1,354
Sara III Emergency Council	150	150	67	83
United fire and rescue association	484,345	370,454	338,937	31,517
Total fire and rescue services	\$ 1,283,254	\$ 1,171,498	\$ 1,138,522	\$ 32,976
Correction and detention:				
Sheriff-correction and detention	\$ 2,774,244	\$ 2,970,395	\$ 2,945,395	\$ 25,000
Probation	4,500	4,500	3,999	501
VJCCA grant	3,617	3,617	3,617	-
Total correction and detention	\$ 2,782,361	\$ 2,978,512	\$ 2,953,011	\$ 25,501
Inspections:				
Building	\$ 114,895	\$ 114,895	\$ 109,438	\$ 5,457
Total inspections	\$ 114,895	\$ 114,895	\$ 109,438	\$ 5,457
Other protection:				
Animal control	\$ 78,582	\$ 87,915	\$ 81,727	\$ 6,188
Animal protection	103,855	103,855	103,855	-
Medical examiner	300	360	360	-
Courthouse security	119,176	121,224	121,223	1
E-911	911,816	644,021	550,276	93,745
Pandemic response	-	1,296,478	68,392	1,228,086
Total other protection	\$ 1,213,729	\$ 2,253,853	\$ 925,833	\$ 1,328,020
Total public safety	\$ 8,295,627	\$ 9,450,162	\$ 7,913,996	\$ 1,536,166
Public works:				
Sanitation and waste removal:				
Refuse collection	\$ 703,154	\$ 824,272	\$ 642,389	\$ 181,883
Refuse disposal	1,243,066	1,310,710	1,303,040	7,670
General engineering	400	1,059	493	566
Storm water management	18,722	18,626	7,073	11,553
Recycling program	75,596	75,596	73,567	2,029
Total sanitation and waste removal	\$ 2,040,938	\$ 2,230,263	\$ 2,026,562	\$ 203,701

County of Alleghany, Virginia
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public works: (Continued)				
Maintenance of general buildings and grounds:				
General maintenance	\$ 143,992	\$ 110,291	\$ 74,980	\$ 35,311
General properties	778,163	806,613	710,834	95,779
Total maintenance of general buildings and grounds	<u>\$ 922,155</u>	<u>\$ 916,904</u>	<u>\$ 785,814</u>	<u>\$ 131,090</u>
Total public works	<u>\$ 2,963,093</u>	<u>\$ 3,147,167</u>	<u>\$ 2,812,376</u>	<u>\$ 334,791</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 171,917	\$ 177,498	\$ 168,055	\$ 9,443
Total health	<u>\$ 171,917</u>	<u>\$ 177,498</u>	<u>\$ 168,055</u>	<u>\$ 9,443</u>
Mental health and mental retardation:				
Community services board	\$ 120,737	\$ 120,737	\$ 120,737	\$ -
Total mental health and mental retardation	<u>\$ 120,737</u>	<u>\$ 120,737</u>	<u>\$ 120,737</u>	<u>\$ -</u>
Welfare:				
Administration	\$ 1,933,803	\$ 1,862,759	\$ 1,862,759	\$ -
Public assistance	460,360	359,945	359,945	-
Emergency repair fund	6,300	6,300	-	6,300
Indoor plumbing rehabilitation fund	-	46,661	-	46,661
TAP	5,775	5,775	5,775	-
Tax relief for the elderly	140,000	145,934	145,934	-
Safehomes, Inc.	5,000	5,000	5,000	-
Board of public welfare	4,844	4,844	4,779	65
Children's services act	1,453,520	1,669,353	1,811,265	(141,912)
Feeding America	2,500	2,500	2,500	-
Other welfare	9,326	9,326	9,326	-
CDBG-housing boiling springs	2,500	24,351	2,500	21,851
Total welfare	<u>\$ 4,023,928</u>	<u>\$ 4,142,748</u>	<u>\$ 4,209,783</u>	<u>\$ (67,035)</u>
Total health and welfare	<u>\$ 4,316,582</u>	<u>\$ 4,440,983</u>	<u>\$ 4,498,575</u>	<u>\$ (57,592)</u>
Education:				
Other instructional costs:				
Contributions to Dabney S. Lancaster Community College	\$ 9,230	\$ 9,230	\$ 9,230	\$ -
Contribution to County School Board	11,838,771	11,838,771	11,368,796	469,975
Total education	<u>\$ 11,848,001</u>	<u>\$ 11,848,001</u>	<u>\$ 11,378,026</u>	<u>\$ 469,975</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation	\$ 675,579	\$ 703,420	\$ 603,161	\$ 100,259
Scenic trail	1,026,460	1,058,719	53,210	1,005,509
Clifton little league	9,000	9,000	9,000	-
Alleghany Highlands youth sports	9,000	9,000	9,000	-
Iron gate recreation	2,000	2,000	2,000	-
Total parks and recreation	<u>\$ 1,722,039</u>	<u>\$ 1,782,139</u>	<u>\$ 676,371</u>	<u>\$ 1,105,768</u>

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Alleghany concert series	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Alleghany crafts	1,800	1,800	1,800	-
Arts grant	4,500	4,500	4,500	-
Total cultural enrichment	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ 11,300</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 134,972	\$ 134,972	\$ 134,972	\$ -
Contribution to Clifton library	25,225	25,225	25,225	-
Total library	<u>\$ 160,197</u>	<u>\$ 160,197</u>	<u>\$ 160,197</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 1,893,536</u>	<u>\$ 1,953,636</u>	<u>\$ 847,868</u>	<u>\$ 1,105,768</u>
Community development:				
Planning and community development:				
Community development	\$ 77,013	\$ 76,395	\$ 67,472	\$ 8,923
Economic development	1,882,389	2,732,471	113,945	2,618,526
Boards and commissions	18,093	18,711	15,625	3,086
Tourism initiative	112,500	112,500	112,500	-
Jackson River Enterprises	15,000	15,000	15,000	-
Clifton Armory contribution	3,500	3,500	3,500	-
Clifton Forge stars and stripes	1,500	1,500	1,500	-
Chamber Indust.	8,000	8,000	8,000	-
Contribution to SERCAP	5,000	5,000	5,000	-
Contribution to CSB Jail service	28,993	28,993	28,993	-
Total planning and community development	<u>\$ 2,151,988</u>	<u>\$ 3,002,070</u>	<u>\$ 371,535</u>	<u>\$ 2,630,535</u>
Environmental management:				
Contribution to soil and water district	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Total environmental management	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>
Cooperative extension program:				
Extension office	\$ 40,744	\$ 40,744	\$ 37,678	\$ 3,066
Total cooperative extension program	<u>\$ 40,744</u>	<u>\$ 40,744</u>	<u>\$ 37,678</u>	<u>\$ 3,066</u>
Total community development	<u>\$ 2,195,232</u>	<u>\$ 3,045,314</u>	<u>\$ 411,713</u>	<u>\$ 2,633,601</u>
Nondepartmental:				
Contingencies	\$ 109,014	\$ 227,525	\$ -	\$ 227,525
Total nondepartmental	<u>\$ 109,014</u>	<u>\$ 227,525</u>	<u>\$ -</u>	<u>\$ 227,525</u>

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Capital projects:				
Public Safety system	\$ -	\$ 2,446,392	\$ 583,521	\$ 1,862,871
Trail Building and River Access	-	2,638	-	2,638
Wrightstown Project	-	1,400,001	48,285	1,351,716
Other capital projects	-	17,875	-	17,875
Total capital projects	\$ -	\$ 3,866,906	\$ 631,806	\$ 3,235,100
Debt service:				
Principal retirement	\$ 1,034,593	\$ 1,495,025	\$ 1,495,013	\$ 12
Interest and other fiscal charges	383,470	383,470	383,467	3
Total debt service	\$ 1,418,063	\$ 1,878,495	\$ 1,878,480	\$ 15
 Total General Fund	 \$ 37,486,810	 \$ 44,728,127	 \$ 34,551,952	 \$ 10,176,175
Special Revenue Fund:				
Special Law Fund:				
Public safety:				
Correction and detention:				
Sheriff	\$ 48,500	\$ 48,500	\$ 31,491	\$ 17,009
Total correction and detention	\$ 48,500	\$ 48,500	\$ 31,491	\$ 17,009
 Total public safety	 \$ 48,500	 \$ 48,500	 \$ 31,491	 \$ 17,009
 Total Special Law Fund	 \$ 48,500	 \$ 48,500	 \$ 31,491	 \$ 17,009
 Total Primary Government	 \$ 37,535,310	 \$ 44,776,627	 \$ 34,583,443	 \$ 10,193,184
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	\$ 2,296,553	\$ 2,319,507	\$ 2,562,202	\$ (242,695)
Total administration of schools	\$ 2,296,553	\$ 2,319,507	\$ 2,562,202	\$ (242,695)
Instruction costs:				
Instruction costs	\$ 19,347,916	\$ 19,347,916	\$ 18,178,399	\$ 1,169,517
Total instruction costs	\$ 19,347,916	\$ 19,347,916	\$ 18,178,399	\$ 1,169,517
Operating costs:				
Attendance and health services				
Pupil transportation	\$ 2,074,281	\$ 2,074,281	\$ 2,291,231	\$ (216,950)
Operation and maintenance of school plant	2,697,752	2,674,798	2,935,405	(260,607)
School food and other non-instructional costs ⁽¹⁾	1,081,389	1,081,389	1,083,968	(2,579)
Total operating costs	\$ 5,853,422	\$ 5,830,468	\$ 6,310,604	\$ (480,136)
 Total education	 \$ 27,497,891	 \$ 27,497,891	 \$ 27,051,205	 \$ 446,686

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

County of Alleghany, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Capital projects:				
School capital projects	\$ 669,773	\$ 669,773	\$ 614,687	\$ 55,086
Total capital projects	<u>\$ 669,773</u>	<u>\$ 669,773</u>	<u>\$ 614,687</u>	<u>\$ 55,086</u>
 Total School Operating Fund	 <u>\$ 28,167,664</u>	 <u>\$ 28,167,664</u>	 <u>\$ 27,665,892</u>	 <u>\$ 501,772</u>
 Nonmajor Special Revenue funds:				
Governor's School Fund:				
Education:				
Instruction costs:				
Instruction costs	\$ 280,828	\$ 280,828	\$ 218,638	\$ 62,190
Total instruction costs	<u>\$ 280,828</u>	<u>\$ 280,828</u>	<u>\$ 218,638</u>	<u>\$ 62,190</u>
 Total education	 <u>\$ 280,828</u>	 <u>\$ 280,828</u>	 <u>\$ 218,638</u>	 <u>\$ 62,190</u>
 Total Governor's School Fund	 <u>\$ 280,828</u>	 <u>\$ 280,828</u>	 <u>\$ 218,638</u>	 <u>\$ 62,190</u>
 Total Discretely Presented Component Unit - School Board	 <u>\$ 28,448,492</u>	 <u>\$ 28,448,492</u>	 <u>\$ 27,884,530</u>	 <u>\$ 563,962</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
2019-20	\$ 1,962,153	\$ 1,951,077	\$ 7,534,991	\$ 2,709,932	\$ 4,317,407	\$ 11,925,940	\$ 911,422	\$ 448,368	\$ 361,568	\$ 4,986,888	\$ 37,109,746
2018-19	1,876,436	1,773,496	6,714,712	2,835,040	3,921,484	14,020,932	889,151	503,925	352,208	5,604,209	38,491,593
2017-18	2,202,672	1,712,583	6,486,342	2,925,303	4,063,044	11,964,651	925,770	498,773	301,115	5,097,889	36,178,142
2016-17	2,013,686	1,727,111	6,281,243	3,069,619	4,328,093	11,953,884	810,438	2,120,959	252,340	5,174,652	37,732,025
2015-16	2,265,730	1,578,405	5,669,932	3,082,441	4,203,749	11,703,747	861,841	444,866	295,265	4,379,654	34,485,630
2014-15	1,978,765	1,476,156	5,962,056	3,332,512	3,647,251	10,707,726	720,544	465,186	324,331	4,433,153	33,047,680
2013-14	2,218,596	1,559,654	5,548,155	2,939,564	3,683,445	12,558,547	812,380	505,841	394,899	4,837,124	35,058,205
2012-13	2,200,183	1,482,244	5,340,327	2,894,667	3,538,594	12,643,618	963,741	561,469	430,686	4,208,210	34,263,739
2011-12	2,499,430	1,489,784	5,171,713	2,964,372	3,463,171	12,515,440	1,100,281	404,069	1,623,370	4,497,392	35,729,022
2010-11	2,153,781	1,447,988	5,234,361	2,773,957	3,348,393	12,221,036	966,811	441,036	933,168	2,914,811	32,435,342

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
2019-20	\$ 5,858,014	\$ 10,425,472	\$ 169,385	\$	\$ 17,189,549	\$ 2,983,930	\$ 272,749	\$ 273,627	\$ 2,513,883	\$ 39,686,609
2018-19	6,317,575	9,585,129	28,610		16,519,123	2,884,888	362,347	188,242	2,526,887	38,412,801
2017-18	5,139,759	9,238,584	323,639		16,431,926	2,666,441	104,191	202,316	2,430,722	36,537,578
2016-17	4,921,947	9,497,971	2,196,671		16,216,009	2,582,898	54,297	1,657,373	2,485,685	39,612,851
2015-16	5,767,026	9,248,437	350,815		16,438,002	2,693,879	78,919	214,733	2,392,061	37,183,872
2014-15	4,622,696	8,921,346	7,693		16,165,901	2,691,370	74,735	244,482	2,397,886	35,126,109
2013-14	4,827,467	8,458,807	23,280		15,186,511	2,554,418	82,668	244,619	2,407,155	33,784,925
2012-13	4,639,293	8,543,222	771,476		16,394,558	2,412,439	73,094	353,916	2,396,687	35,584,685
2011-12	4,669,620	8,913,175	1,888,577		15,492,843	2,190,182	50,276	251,787	2,293,952	35,750,412
2010-11	3,909,984	8,252,444	12,541,714		15,432,192	2,288,458	144,947	609,488	2,250,850	45,430,077

Table 3

County of Allegheny, 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
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	2,932,696	4,314,905	26,166,569	1,114,578	507,543	-	1,955,449	1,610,406	50,116,961
2016-17	2,358,500	1,766,569	6,765,064	3,021,282	4,518,362	26,708,173	2,940,320	2,124,181	-	1,890,373	458,621	52,551,445
2015-16	2,408,993	1,623,127	6,292,769	3,196,499	4,605,417	26,272,527	1,387,272	433,733	-	2,036,381	421,253	48,677,971
2014-15	2,332,462	1,529,864	6,287,387	3,235,630	4,332,044	26,668,845	743,712	467,061	-	1,934,068	338,676	47,869,749
2013-14	2,348,028	1,561,280	5,792,074	2,853,176	4,145,168	26,757,720	766,086	504,569	137,782	1,595,574	4,974,279	51,435,736
2012-13	2,304,985	1,496,501	5,695,866	2,878,188	3,973,318	28,595,658	785,039	561,954	29,505	1,566,353	700,450	48,587,817
2011-12	2,422,769	1,429,307	5,775,857	3,246,772	3,917,532	29,826,325	760,351	399,258	28,856	10,333,888	526,086	58,667,001
2010-11	2,254,023	1,404,529	5,436,958	2,643,170	3,867,309	28,534,386	727,485	331,195	5,567	2,342,273	374,624	47,921,519

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

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

Table 4

County of Alleghany, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the		Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
					Use of Money and Property						
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	
2011-12	15,412,777	2,190,182	28,259	61,002	47,464	1,334,845	663,646	1,785,590	28,457,341	49,981,106	
2010-11	15,524,223	2,288,458	38,554	81,829	122,518	1,193,313	964,764	1,663,681	27,239,582	49,116,922	

(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 Delinquent Taxes to Tax Levy
						Total Tax Collections to Tax Levy			
2019-20	\$ 18,568,687	\$ 18,334,126	98.74%	\$ 303,005	\$ 18,637,131	100.37%		\$ 761,404	4.10%
2018-19	17,892,794	17,555,526	98.12%	310,788	17,866,314	99.85%		726,449	4.06%
2017-18	17,785,917	17,493,648	98.36%	398,881	17,892,529	100.60%		683,135	3.84%
2016-17	17,571,198	17,140,464	97.55%	227,217	17,367,681	98.84%		743,351	4.23%
2015-16	17,749,218	17,241,475	97.14%	320,486	17,561,961	98.94%		699,953	3.94%
2014-15	17,613,882	16,996,592	96.50%	329,846	17,326,438	98.37%		612,674	3.48%
2013-14	17,568,748	17,276,587	98.34%	287,649	17,564,236	99.97%		637,328	3.63%
2012-13	17,282,831	16,978,746	98.24%	209,664	17,188,410	99.45%		632,216	3.66%
2011-12	16,374,806	16,235,714	99.15%	185,834	16,421,548	100.29%		462,659	2.83%
2010-11	17,133,525	17,000,079	99.22%	263,622	17,263,701	100.76%		386,161	2.25%

(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
2019-20	\$ 1,216,992,597	\$ 144,746,455	\$ 185,257,582	\$ 190,079,083	\$ 1,737,075,717
2018-19	1,213,322,557	142,500,508	180,847,337	173,277,086	1,709,947,488
2017-18	1,211,932,214	70,928,863	90,396,100	178,515,715	1,551,772,892
2016-17	1,205,493,480	69,838,584	87,848,224	170,703,976	1,533,884,264
2015-16	1,202,425,765	66,764,432	98,782,735	179,762,641	1,547,735,573
2014-15	1,198,562,696	66,625,672	96,917,748	176,440,723	1,538,546,839
2013-14	1,195,599,690	66,324,208	114,611,443	119,210,453	1,495,745,794
2012-13	1,189,199,438	64,151,894	122,088,331	111,530,160	1,486,969,823
2011-12	1,183,707,713	63,193,323	116,555,738	109,080,093	1,472,536,867
2010-11	1,177,769,900	61,240,685	116,208,339	103,422,277	1,458,641,201

(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
2019-20	\$ 0.73	\$ 2.98	\$ 0.73	\$ 2.98
2018-19	0.71	2.98	0.71	2.98
2017-18	0.71	5.95	0.71	5.95
2016-17	0.71	5.95	0.71	5.95
2015-16	0.69	5.95	0.69	5.95
2014-15	0.67	5.95	0.67	5.95
2013-14	0.67	5.95	0.67	5.95
2012-13	0.67	5.95	0.67	5.95
2011-12	0.64	5.95	0.64	5.95
2010-11	0.64	5.95	0.64	5.95

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands)	Gross Bonded Debt (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2019-20	14,910	\$ 1,737,076	\$ 3,559,561	\$ 3,559,561	0.20%	\$ 239
2018-19	14,910	1,709,947	4,836,269	4,836,269	0.28%	324
2017-18	15,820	1,551,773	6,491,474	6,491,474	0.42%	410
2016-17	15,820	1,533,884	8,121,354	8,121,354	0.53%	513
2015-16	15,820	1,547,736	9,652,194	9,652,194	0.62%	610
2014-15	15,820	1,538,547	11,325,995	11,325,995	0.74%	716
2013-14	16,250	1,495,746	12,848,989	12,848,989	0.86%	791
2012-13	16,250	1,486,970	14,013,313	14,013,313	0.94%	862
2011-12	16,250	1,472,537	13,183,675	13,183,675	0.90%	811
2010-11	16,250	1,458,641	22,659,231	22,659,231	1.55%	1,394

(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, 2020, and the related notes to the financial statements, which collectively comprise the County of Alleghany, Virginia's basic financial statements and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a material weakness.

Internal Control over Financial Reporting (continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a significant deficiency.

Compliance and Other Matters

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

County of Alleghany, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 17, 2020



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Alleghany, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Alleghany, Virginia's major federal programs for the year ended June 30, 2020. County of Alleghany, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Alleghany, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 17, 2020

County of Allegheny, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Page 1 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families Program	93.556	0950118/0950119	\$ 3,531
Temporary Assistance for Needy Families	93.558	0400119/0400120	212,445
Refugee and Entrant Assistance - State/Replacement Designee Administered Program	93.566	0500119/0500120	318
Low-Income Home Energy Assistance	93.568	0600419/0600420	41,703
<i>CCDF Cluster:</i>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120	41,007
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	559
Foster Care - Title IV-E	93.658	1100119/1100120	145,895
Adoption Assistance	93.659	1120119/1120120	57,442
Social Services Block Grant	93.667	1000119/1000120	203,593
Children's Health Insurance Program	93.767	0540119/0540120	4,997
<i>Medicaid Cluster:</i>			
Medical Assistance Program	93.778	1200119/1200120	321,485
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150118/9150119	2,245
Total Department of Health and Human Services			<u>\$ 1,035,220</u>
Department of Agriculture:			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
<i>Forest Service Schools and Roads Cluster:</i>			
Schools and Roads - Grants to States	10.665	43841	\$ 115,862
Rural Business Development Grant	10.351	Not available	27,009
Food Distribution (Note C) (Child Nutrition Cluster)	10.555	40623	\$ 56,196
<i>Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	40623	303,668
COVID-19 - National School Lunch Program	10.555	40623	17,485
School Breakfast Program	10.553	40621	\$ 110,257
COVID-19 - School Breakfast Program	10.553	40621	6,474
Summer Food Service Program for Children	10.559	Not available	\$ 311,459
COVID-19 - Summer Food Service Program for Children	10.559	Not available	2,285
Total Child Nutrition Cluster			313,744
			807,824
<i>Department of Social Services:</i>			
<i>SNAP Cluster:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010120/ 0040119/0040120	314,779
Total Department of Agriculture			<u>\$ 1,265,474</u>
Department of Transportation:			
Pass Through Payments:			
<i>Department of Motor Vehicles:</i>			
Alcohol Open Container Requirements	20.607	Not available	\$ 7,648
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	Not available	4,646
Total Department of Transportation			<u>\$ 12,294</u>
Department of Justice:			
Pass Through Payments:			
<i>Office of Victims of Crime:</i>			
Crime Victim Assistance	16.575	Not available	\$ 159,715
Total Department of Justice			<u>\$ 159,715</u>
Department of Treasury:			
Pass Through Payments:			
<i>Virginia Department of Accounts</i>			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 634,991
Total Department of Treasury			<u>\$ 634,991</u>

County of Alleghany, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Page 2 of 2

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
United States Department of the Interior (DOI):			
Direct:			
Secure Rural Schools and Community Self-Determination	15.234	Not applicable	\$ 12,009
Total United States Department of the Interior (DOI)			<u>\$ 12,009</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Department of Housing and Community Development:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	53305	\$ 46,629
Total Department of Housing and Urban Development			<u>\$ 46,629</u>
Department of Education:			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I: Grants to Local Educational Agencies	84.010	42892	\$ 543,647
Career and Technical Education: Basic Grants to States	84.048	43401	43,733
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	60180	\$ 558,328
Special Education - Preschool Grants	84.173	61136	<u>10,022</u>
Total Special Education Cluster			568,350
Supporting Effective Instruction State Grant	84.367	61490	78,799
Student Support and Academic Enrichment Program	84.424	Not available	62,294
Rural Education	84.358	Not available	42,105
English Language Acquisition State Grants	84.365	Not available	<u>1,515</u>
Total Department of Education			<u>\$ 1,340,443</u>
Total Expenditures of Federal Awards			<u>\$ 4,506,775</u>

Notes to Schedule of Expenditures of Federal Awards

Note A -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Alleghany, Virginia under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Alleghany, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Alleghany, Virginia.

Note B -- Summary of Significant Accounting Policies:

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

Note C -- Food Distribution

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

Note D -- Subrecipients

The County did not have any subrecipients for the year ended June 30, 2020.

Note E -- Outstanding Balance of Federal Loans

The County has not received any federal funding through loans.

Note F -- Relationship to the Financial Statements

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

Primary government:	
General Fund-Intergovernmental	\$ 12,939,355
Less: Revenue from the Commonwealth	(10,289,025)
Less: Payments in Lieu of Taxes	(407,684)
Component Unit School Board:	
School Operating Fund-Intergovernmental	25,914,485
Less: Revenue from Local Governments	(11,368,796)
Less: Revenue from the Commonwealth	(12,281,560)
Governor's School Fund-Intergovernmental	99,802
Less: Revenue from the Commonwealth	<u>(99,802)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards:	<u>\$ 4,506,775</u>

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I - Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
21.019	COVID-19 - Coronavirus Relief Fund

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

County of Alleghany, Virginia

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

Finding 2020-001
(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 Department expenditures to their requests for reimbursement of same from the Commonwealth for several months in the current fiscal year. In addition, the Department did not reconcile 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:	An immaterial variance was identified between amounts reported to the State and expenditures recorded by the County and amounts held for individuals through the Special Welfare Account were unable to be validated.
Recommendation:	The Social Services Department should begin reconciling monthly expenses reported to the State against actual expenses and should begin reconciling the Special Welfare Ledger to the Treasurer's account for same.
Management's Response:	Management concurs with the finding and will begin reconciling activity and balances on a monthly basis.

Finding 2020-002
(Material Weakness)

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

County of Alleghany, Virginia

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

Finding 2019-001 was recurring in fiscal year 2020 as 2020-001.

Finding 2019-002 was recurring in fiscal year 2020 as 2020-002.