

**ALLEGHANY COUNTY
SPARTA, NORTH CAROLINA**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



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ALLEGHANY COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

AS OF JUNE 30, 2020

Bill Osborne, Chair
Larry Prince – Vice Chair
Bobby Irwin, Member
John U. Irwin, Jr., Member
Mark Evans, Member

BOARD OF COUNTY COMMISSIONERS

AS OF DECEMBER 31, 2020

Bill Osborne, Chair
Bobby Irwin, Vice Chair
John U. Irwin, Jr., Member
Mark Evans, Member
Mechelle Luffman, Member

OFFICIALS

Michael Carter – County Manager
April Hamm – Finance Officer



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ALLEGHANY COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	FINANCIAL SECTION	
	Independent Auditors' Report	1 - 3
	Management's Discussion and Analysis	4 - 12
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	13 - 14
2	Statement of Activities	15
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	16 - 17
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
6	Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual - General Fund	20
7	Statement of Net Position - Proprietary Fund	21
8	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	22
9	Statement of Cash Flows - Proprietary Fund	23
10	Statement of Fiduciary Net Position - Fiduciary Funds	24
11	Statement of Changes in Fiduciary Net Position - Fiduciary Fund	25
	Notes to the Financial Statements	26 - 62
<u>Schedule</u>	Required Supplemental Financial Data:	
A-1	Law Enforcement Officers' Special Separation Allowance – Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll	63
A-2	Other Post-Employment Benefits - Schedules of Changes in the Total OPEB Liability and Related Ratios	64

ALLEGHANY COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
Required Supplemental Financial Data (continued):		
A-3	Local Governmental Employees' Retirement System – Schedule of County's Proportionate Share of Net Pension Liability (Asset)	65
A-4	Local Governmental Employees' Retirement System – Schedule of County's Contributions	66
A-5	Registers of Deeds' Supplemental Pension Fund – Schedule of County's Proportionate Share of Net Pension Liability (Asset)	67
A-6	Registers of Deeds' Supplemental Pension Fund – Schedule of County's Contributions	68
Supplementary Information:		
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Consolidated	69
B-2	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	70-78
B-3	Revaluation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	79
B-4	Register of Deeds - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	80
B-5	County Buildings Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	81
C-1	Nonmajor Governmental Funds - Combining Balance Sheet	82
C-2	Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
C-3	Nonmajor Special Revenue Funds - Combining Balance Sheet	84
C-4	Nonmajor Special Revenue Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85

ALLEGHANY COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
Supplementary Information (continued):		
C-5	Transportation Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	86
C-6	Fairgrounds Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	87
C-7	Drug Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	88
C-8	Emergency Telephone System Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	89
C-9	Soil and Water Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	90
C-10	Nonmajor Capital Projects Funds - Combining Balance Sheet	91
C-11	Nonmajor Capital Projects Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	92
C-12	School Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	93
C-13	Outdoor Recreation Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	94
D-1	Landfill Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	95-96
E-1	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	97
F-1	Schedule of Ad Valorem Taxes Receivable - General Fund	98
F-2	Analysis of Current Tax Levy - County-wide Levy	99
G-1	Tourism Development Authority - Balance Sheet	100
G-2	Tourism Development Authority - Schedule of Revenues and Expenditures - Budget and Actual	101

ALLEGHANY COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

	<u>Page</u>
COMPLIANCE SECTION	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	102 - 103
Report On Compliance With Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act	104 - 105
Report On Compliance With Each Major State Program; Report On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act	106 - 107
Schedule of Findings and Questioned Costs	108 - 110
Corrective Action Plan	111
Schedule of Prior Year Audit Findings	112
Schedule of Expenditures of Federal and State Awards	113 - 114

FINANCIAL SECTION

This section of Alleghany County's annual report presents the Basic Financial Statements and Required Supplementary Information (including Management's Discussion and Analysis), as well as the Independent Auditors' Report. In addition, the Financial Section contains combining statements for non-major fund types, individual fund schedules and other supplemental information.



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**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Commissioners
Alleghany County
Sparta, North Carolina

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 Alleghany County, North Carolina, 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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Alleghany County, North Carolina, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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 Management's Discussion and Analysis on pages 4-12, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 63, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 64, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 65-66, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions on pages 67-68, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alleghany County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relates 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 combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated April 13, 2021, on our consideration of Alleghany County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Alleghany County'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 Alleghany County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
April 13, 2021



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ALLEGHANY COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Alleghany County, we offer readers of Alleghany County's financial statements this narrative overview and analysis of the financial activities of Alleghany County for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

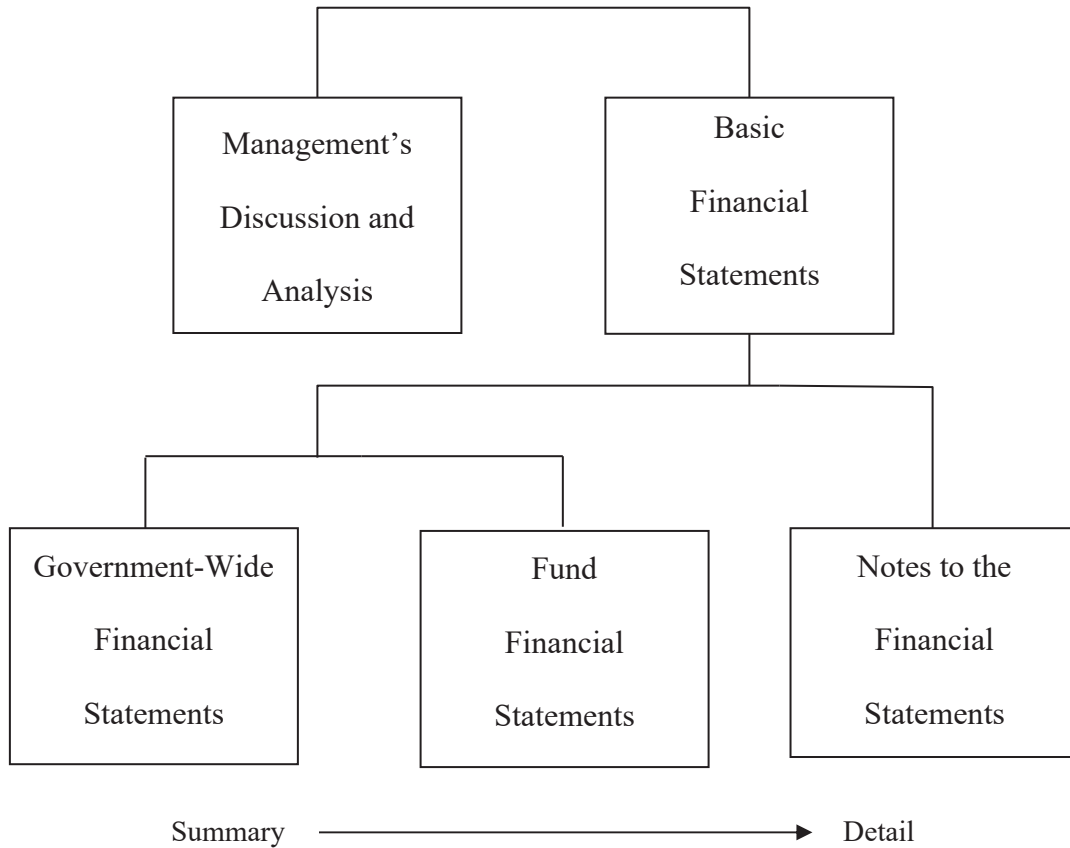
- The assets and deferred outflows of Alleghany County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$8,356,372 (*net position*).
- As of the close of the current fiscal year, Alleghany County's governmental funds reported combined ending fund balances of \$4,413,995. Approximately 26% of this total amount, or \$1,167,499, is restricted as to how it can be spent. Approximately 19% of the total ending governmental fund balance, or \$818,641, is reported in funds other than the General Fund.
- At the end of the current fiscal year, available fund balance for the General Fund totaled \$2,918,016, or 17.2%, of total General Fund expenditures and transfers to other funds for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Alleghany County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Alleghany County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County’s financial status.

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Following the notes is the **Required Supplemental Information**. This section contains funding information about the County’s pension and OPEB plans.

After the required supplemental information, **Supplemental Information** is provided to show details about the County's funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component unit. The governmental activities include most of the County's basic services, such as public safety, economic and physical development, human services, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the landfill services offered by Alleghany County. The final category is component units of which the County has one, the Tourism Development Authority.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Alleghany County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Alleghany County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Alleghany County adopts an annual budget for its General Fund, as required by the general statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the

County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Alleghany County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Alleghany County uses an Enterprise Fund to account for its landfill operations. This fund represents business-type activity in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Alleghany County has two fiduciary funds. The Social Services Trust Fund, an Agency Fund, which was established to account for monies deposited with the Social Services Department for the benefit of certain individuals, and the Library Trust Fund, which was established to account for donations to be used for the local library.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Alleghany County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on Schedule A-1 of this report.

**Government-Wide Financial Analysis
Alleghany County's Net Position**

Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2020	(Restated) 2019	2020	2019	2020	(Restated) 2019
Assets:						
Current and other assets	\$ 5,601,154	\$ 4,931,003	\$ 226,616	\$ 132,285	\$ 5,827,770	\$ 5,063,288
Capital assets, net	21,560,556	22,270,513	484,314	504,214	22,044,870	22,774,727
Total assets	<u>27,161,710</u>	<u>27,201,516</u>	<u>710,930</u>	<u>636,499</u>	<u>27,872,640</u>	<u>27,838,015</u>
Deferred Outflows of Resources						
	<u>1,409,996</u>	<u>1,526,646</u>	<u>70,526</u>	<u>77,493</u>	<u>1,480,522</u>	<u>1,604,139</u>
Liabilities:						
Current liabilities	2,139,336	1,837,508	116,660	108,251	2,255,996	1,945,759
Other liabilities	16,071,210	17,218,926	632,236	710,084	16,703,446	17,929,010
Total liabilities	<u>18,210,546</u>	<u>19,056,434</u>	<u>748,896</u>	<u>818,335</u>	<u>18,959,442</u>	<u>19,874,769</u>
Deferred Inflows of Resources						
	<u>1,938,555</u>	<u>1,205,228</u>	<u>98,793</u>	<u>58,557</u>	<u>2,037,348</u>	<u>1,263,785</u>
Net Position:						
Net investment in capital assets	16,376,233	16,945,052	405,127	387,214	16,781,360	17,332,266
Restricted	1,016,778	1,296,209	-	-	1,016,778	1,296,209
Unrestricted (deficit)	<u>(8,970,406)</u>	<u>(9,774,761)</u>	<u>(471,360)</u>	<u>(550,114)</u>	<u>(9,441,766)</u>	<u>(10,324,875)</u>
Total net position (deficit)	<u>\$ 8,422,605</u>	<u>\$ 8,466,500</u>	<u>\$ (66,233)</u>	<u>\$ (162,900)</u>	<u>\$ 8,356,372</u>	<u>\$ 8,303,600</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Alleghany County exceeded liabilities and deferred inflows of resources by \$8,356,372 as of June 30, 2020. The County's net position increased by \$52,772 for the fiscal year ended June 30, 2020. The largest portion of net position, \$16,781,360, reflects the County's net investment in capital assets (e.g. land, buildings, and equipment). Alleghany County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Alleghany County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.09%
- Monitoring of operating expenses including consolidating expenses as much as possible.

Alleghany County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	Restated 2019	2020	2019	2020	Restated 2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,656,202	\$ 1,383,162	\$ 1,074,605	\$ 936,039	\$ 2,730,807	\$ 2,319,201
Operating grants and contributions	3,250,139	2,721,833	-	3,186	3,250,139	2,725,019
Capital grants and contributions	122,401	120,538	-	-	122,401	120,538
General revenues:						
Property taxes	10,380,725	9,521,739	-	-	10,380,725	9,521,739
Other taxes	2,771,806	2,543,624	-	-	2,771,806	2,543,624
Grants and contributions not restricted to specific programs	81,397	71,272	-	-	81,397	71,272
Investment earnings, unrestricted	33,427	17,145	4,231	1,727	37,658	18,872
Gain on sale of capital assets	25,909	50,477	-	-	25,909	50,477
Total revenues	18,322,006	16,429,790	1,078,836	940,952	19,400,842	17,370,742
Expenses:						
General government	5,262,289	4,945,014	-	-	5,262,289	4,945,014
Public safety	5,035,925	4,676,510	-	-	5,035,925	4,676,510
Economic and physical development	500,886	677,390	-	-	500,886	677,390
Environmental protection	23,420	5,126	-	-	23,420	5,126
Human services	3,578,849	3,396,612	-	-	3,578,849	3,396,612
Cultural and recreation	380,461	296,152	-	-	380,461	296,152
Education	3,465,599	3,558,464	-	-	3,465,599	3,558,464
Interest on long-term debt	118,472	168,597	-	-	118,472	168,597
Solid waste	-	-	982,169	987,763	982,169	987,763
Total expenses	18,365,901	17,723,865	982,169	987,763	19,348,070	18,711,628
Change in net position before transfers	(43,895)	(1,294,075)	96,667	(46,811)	52,772	(1,340,886)
Transfers in (out)	-	(115,000)	-	115,000	-	-
Change in net position	(43,895)	(1,409,075)	96,667	68,189	52,772	(1,340,886)
Net Position (Deficit):						
Beginning of year	8,617,692	10,026,767	(162,900)	(231,089)	8,454,792	9,795,678
Restatement	(151,192)	(151,192)	-	-	(151,192)	(151,192)
Beginning of year, as restated	8,466,500	9,875,575	(162,900)	(231,089)	8,303,600	9,644,486
End of year	\$ 8,422,605	\$ 8,466,500	\$ (66,233)	\$ (162,900)	\$ 8,356,372	\$ 8,303,600

Governmental Activities. Governmental activities decreased the County's net position by \$43,895. Key elements of this increase are as follows:

- Overall revenues increased by approximately \$1,900,000. The increase in revenue combined with a \$700,000 increase in expenses, generated the current year increase in net position. Property tax revenues increased approximately \$900,000 due to a tax rate increase. The tax rate was increased with the intention of increasing the County's general fund balance. The County's largest expenses are for general government (29%) and public safety (27%.) The largest increases were in public safety (approximately \$360,000 or 8%) and human services (\$182,000, or 5%) due to increasing demands for the County to provide these essential services for its citizens.
- Year 4 of 4 of a salary study was implemented.

Business-Type Activities. Business-type activities increased Alleghany County's net position by \$97,000. Key elements of this increase are as follow:

- Annual escalating costs of operations including increased contractual costs from solid waste disposal facility, and scrap tire facility.
- Year 4 of 4 of a salary study was implemented.
- Realized better collections through the Tax Office regarding the household solid waste fees.
- Depreciation expense of \$19,900 was charged to operations.

Financial Analysis of the County's Funds

As noted earlier, Alleghany County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Alleghany County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Alleghany County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Alleghany County. At the end of the current fiscal year, fund balance available in the General Fund was \$2,918,016, while total fund balance was \$3,595,394. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 17.2% of net General Fund expenditures and transfers to other funds, while total fund balance represents 20.8% of that same amount.

At June 30, 2020, the governmental funds of Alleghany County reported a combined fund balance of \$4,413,995, an increase of \$300,628 over last year. The General Fund and other Governmental Funds experienced an overall increase in fund balance, while the County Buildings Capital Project Fund experienced a decrease of \$598,174 due to mainly the expenditure on school improvements.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary Funds. Alleghany County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Net position (deficit) of the Landfill Fund at the end of the fiscal year totaled \$(66,233).

Capital Asset and Debt Administration

Capital Assets. Alleghany County's capital assets for its governmental and business-type activities as of June 30, 2020 totaled \$22,044,870 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Started construction of senior citizen center with cost incurred of approximately \$365,000.
- Start of construction of courthouse improvements.
- Completion of the business development center with total cost of approximately \$275,000.
- Purchase of several vehicles including one with a dump body.

Alleghany County's Capital Assets
Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	Restated 2019	2020	2019	2020	Restated 2019
Land	\$ 513,769	\$ 513,769	\$ 110,183	\$ 110,183	\$ 623,952	\$ 623,952
Buildings	23,654,898	23,296,372	342,698	361,014	23,997,596	23,657,386
Improvements	7,424,061	7,424,061	115,343	108,244	7,539,404	7,532,305
Machinery and equipment	5,250,128	5,533,716	524,269	608,198	5,774,397	6,141,914
Construction in progress	393,454	181,275	-	-	393,454	181,275
Total	37,236,310	36,949,193	1,092,493	1,187,639	38,328,803	38,136,832
Less: accumulated depreciation	(15,675,754)	(14,678,680)	(608,179)	(683,425)	(16,283,933)	(15,362,105)
Capital assets, net	\$ 21,560,556	\$ 22,270,513	\$ 484,314	\$ 504,214	\$ 22,044,870	\$ 22,774,727

Additional information on the County's capital assets can be found in the notes to the Basic Financial Statements.

Long-Term Debt
Alleghany County's Outstanding Debt
Figure 5

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Installment purchase notes	\$ 5,656,889	\$ 6,533,822	\$ 79,187	\$ 117,000	\$ 5,736,076	\$ 6,650,822

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Alleghany County is approximately \$132,000,000.

Additional information regarding Alleghany County's long-term debt, including details of pension liability, compensated absences, OPEB, and accrued landfill closure and post-closure care costs, can be found in the notes of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

Budget Highlights for the Fiscal Year Ending June 30, 2021

Government Activities. The adopted FY 20/21 budget included adjustments to longevity pay for all employees and an increase in the employer required contribution rate for the LGERS. The County will complete the new Senior Center building at 30 Wellness Way in Sparta, and remodel the old Senior Center location for the additional courtroom needed during FY21. The property tax rate will remain the same at .597 per \$100 of value. The County implemented a Fire District Tax on July 1, 2020. The rates are as follows:

Cherry Lane:	.04 per \$100 of value
Laurel Springs:	.07 per \$100 of value
Sparta:	.03 per \$100 of value
Glade Creek:	.07 per \$100 of value
Piney Creek:	.06 per \$100 of value

There are no major capital projects planned for FY21. A reduction in expenses for each County department and special appropriation was implemented during the budget process to increase the County's fund balance, as well as a consolidation of Human Resources duties with the Finance Office and the elimination of four part time positions. A mowing contract will also be eliminated from the budget, and in-house mowing of County buildings and facilities will be consolidated with Public Works duties.

Business-Type Activity. The Alleghany County Transfer Facility adopted FY20/21 budget included adjustments to longevity pay for all employees, an increase in the required contribution rate for the LGERS and the addition of a full time position at the facility for operations. The hours of operation are being reduced as a result of an analysis of the compensatory time accrued compared to busier days/times of day was completed by management. The Transfer facility recycling program is being re-evaluated for FY21, and a two year plan initiative to renovate and rejuvenate the facility has been put in place. Scales operations have been upgraded, and a backup loader has been repaired and added to the daily operation. A beneficial fill has been expanded to lower costs to constituents, and improvements have been made to the fuel disbursement procedures. Residential solid waste fees will increase to \$98 per household. No major capital projects are planned at this time.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, P.O. Box 366, Sparta, North Carolina 28675.



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ALLEGHANY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 3,922,576	\$ 180,726	\$ 4,103,302	\$ 51,361
Taxes receivable, net	234,943	-	234,943	-
Accounts receivable, net	174,374	45,890	220,264	-
Due from other governments	677,338	-	677,338	-
Total current assets	5,009,231	226,616	5,235,847	51,361
Restricted assets:				
Cash and investments	563,652	-	563,652	-
Net pension asset (ROD)	28,271	-	28,271	-
Total restricted assets	591,923	-	591,923	-
Non-current assets:				
Land and construction in progress	907,223	110,183	1,017,406	-
Depreciable capital assets, net	20,653,333	374,131	21,027,464	-
Total non-current assets	21,560,556	484,314	22,044,870	-
Total assets	27,161,710	710,930	27,872,640	51,361
Deferred Outflows of Resources	1,409,996	70,526	1,480,522	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	665,143	71,669	736,812	-
Payable from restricted cash	183,727	-	183,727	-
Current portion of long-term debt	1,161,466	38,991	1,200,457	-
Current portion of compensated absences	129,000	6,000	135,000	-
Total current liabilities	2,139,336	116,660	2,255,996	-
Non-current liabilities:				
Non-current compensated absences	228,487	10,704	239,191	-
Net pension liability (LGERS)	1,904,013	100,211	2,004,224	-
Total pension liability (LEOSSA)	393,460	-	393,460	-
Total OPEB liability	9,049,827	476,307	9,526,134	-
Due in more than one year	4,495,423	45,014	4,540,437	-
Total non-current liabilities	16,071,210	632,236	16,703,446	-
Total liabilities	18,210,546	748,896	18,959,442	-

The accompanying notes are an integral part of these financial statements.

ALLEGHANY COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority
Deferred Inflows of Resources	1,938,555	98,793	2,037,348	-
Net Position:				
Net investment in capital assets	16,376,233	405,127	16,781,360	-
Restricted:				
Stabilization by State statute	750,199	-	750,199	-
Register of Deeds	61,996	-	61,996	-
Register of Deeds' pension	28,271	-	28,271	-
Public safety	68,248	-	68,248	-
Recreation	108,064	-	108,064	-
Unrestricted (deficit)	(8,970,406)	(471,360)	(9,441,766)	51,361
Total net position (deficit)	\$ 8,422,605	\$ (66,233)	\$ 8,356,372	\$ 51,361

The accompanying notes are an integral part of these financial statements.

ALLEGHANY COUNTY, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Tourism Development Authority
					Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Primary Government:							
Governmental Activities:							
General government	\$ 5,262,289	\$ 493,373	\$ 18,197	\$ -	\$ (4,750,719)	\$ -	\$ -
Public safety	5,035,925	1,082,973	823,575	-	(3,129,377)	-	(3,129,377)
Economic and physical development	500,886	-	114,639	-	(386,247)	-	(386,247)
Environmental protection	23,420	-	31,538	-	8,118	-	8,118
Human services	3,578,849	58,829	2,258,030	-	(1,261,990)	-	(1,261,990)
Cultural and recreation	380,461	21,027	4,160	-	(355,274)	-	(355,274)
Education	3,465,599	-	-	122,401	(3,343,198)	-	(3,343,198)
Interest on long-term debt	118,472	-	-	-	(118,472)	-	(118,472)
Total governmental activities	<u>18,365,901</u>	<u>1,656,202</u>	<u>3,250,139</u>	<u>122,401</u>	<u>(13,337,159)</u>	<u>-</u>	<u>(13,337,159)</u>
Business-Type Activities:							
Solid waste	982,169	1,074,605	-	-	-	92,436	92,436
Total primary government	<u>\$ 19,348,070</u>	<u>\$ 2,730,807</u>	<u>\$ 3,250,139</u>	<u>\$ 122,401</u>	<u>(13,337,159)</u>	<u>92,436</u>	<u>(13,244,723)</u>
Component Unit:							
Tourism Development Authority	<u>\$ 54,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(54,470)</u>
General Revenues:							
Taxes:							
Ad valorem taxes					10,380,725	-	10,380,725
Local option sales tax					2,614,371	-	2,614,371
Other taxes and licenses					157,435	-	157,435
Unrestricted intergovernmental revenues					81,397	-	81,397
Investment earnings, unrestricted					33,427	4,231	37,658
Gain on sale of capital assets					25,909	-	25,909
Total general revenues					<u>13,293,264</u>	<u>4,231</u>	<u>13,297,495</u>
Change in net position					<u>(43,895)</u>	<u>96,667</u>	<u>52,772</u>
Net position (deficit), beginning of year:							
As originally reported					8,617,692	(162,900)	8,454,792
Prior period adjustment (Note 7)					<u>(151,192)</u>	<u>-</u>	<u>(151,192)</u>
As restated					<u>8,466,500</u>	<u>(162,900)</u>	<u>8,303,600</u>
Net position (deficit), end of year					<u>\$ 8,422,605</u>	<u>\$ (66,233)</u>	<u>\$ 8,356,372</u>

The accompanying notes are an integral part of these financial statements.

ALLEGHANY COUNTY, NORTH CAROLINA

Exhibit 3

Page 1 of 2

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>County Buildings Capital Project Fund</u>	<u>Other Governmental Funds</u>	
Assets:				
Cash and investments	\$ 3,329,190	\$ -	\$ 593,386	\$ 3,922,576
Taxes receivable, net	224,157	-	-	224,157
Accounts receivable, net	101,513	-	72,861	174,374
Due from other governments	677,338	-	-	677,338
Restricted cash	359,330	186,850	17,472	563,652
Total assets	<u>\$ 4,691,528</u>	<u>\$ 186,850</u>	<u>\$ 683,719</u>	<u>\$ 5,562,097</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 165,423	\$ -	\$ 44,070	\$ 209,493
Accrued wages and payroll liabilities	381,767	-	-	381,767
Payable from restricted cash	175,869	7,858	-	183,727
Total liabilities	<u>723,059</u>	<u>7,858</u>	<u>44,070</u>	<u>774,987</u>
Deferred Inflows of Resources:				
Prepaid taxes	47,445	-	-	47,445
Ad valorem taxes receivable	224,157	-	-	224,157
EMS receivable	101,513	-	-	101,513
Total deferred inflows of resources	<u>373,115</u>	<u>-</u>	<u>-</u>	<u>373,115</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	677,338	-	72,861	750,199
Restricted, other	61,996	178,992	176,312	417,300
Committed	119,898	-	-	119,898
Assigned	30,356	-	333,999	364,355
Unassigned	2,705,766	-	56,477	2,762,243
Total fund balances	<u>3,595,354</u>	<u>178,992</u>	<u>639,649</u>	<u>4,413,995</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,691,528</u>	<u>\$ 186,850</u>	<u>\$ 683,719</u>	<u>\$ 5,562,097</u>

The accompanying notes are an integral part of these financial statements.

ALLEGHANY COUNTY, NORTH CAROLINA

Exhibit 3

Page 2 of 2

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

Total fund balanced of governmental funds	\$ 4,413,995
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,560,556
Net pension asset (ROD)	28,271
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	436,640
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	10,691
Benefit payments and administrative costs for OPEB are deferred outflows of resources on the Statement of Net Position	218,604
Net pension liability (LGERS)	(1,904,013)
Total OPEB liability	(9,049,827)
Total pension liability (LEOSSA)	(393,460)
Pension-related deferrals	719,230
OPEB-related deferrals	(1,866,278)
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest	(73,883)
Installment purchase notes	(5,656,889)
Compensated absences	(357,487)
Deferred inflows of resources in the governmental funds are not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	<u>336,455</u>
Net position of governmental activities	<u>\$ 8,422,605</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Major</u>			<u>Total</u>
	<u>General Fund</u>	<u>County Buildings Capital Project Fund</u>	<u>Other Governmental Funds</u>	
Revenues:				
Ad valorem taxes	\$ 10,359,349	\$ -	\$ -	\$ 10,359,349
Other taxes and licenses	2,771,806	-	-	2,771,806
Unrestricted intergovernmental revenues	81,397	-	-	81,397
Restricted intergovernmental revenues	2,815,365	-	396,259	3,211,624
Permits and fees	299,291	-	-	299,291
Sales and services	714,813	-	7,126	721,939
Investment earnings	29,503	15	3,909	33,427
Miscellaneous	647,713	-	91,140	738,853
Total revenues	<u>17,719,237</u>	<u>15</u>	<u>498,434</u>	<u>18,217,686</u>
Expenditures:				
Current:				
General government	4,000,844	-	-	4,000,844
Public safety	4,484,116	-	226,594	4,710,710
Economic and physical development	421,713	-	8,385	430,098
Environmental protection	-	-	23,420	23,420
Human services	3,125,686	-	268,965	3,394,651
Cultural and recreation	315,663	-	275	315,938
Education	2,906,748	-	-	2,906,748
Capital outlay	-	598,189	594,690	1,192,879
Debt service:				
Principal repayments	1,173,938	-	-	1,173,938
Interest	96,545	-	-	96,545
Total expenditures	<u>16,525,253</u>	<u>598,189</u>	<u>1,122,329</u>	<u>18,245,771</u>
Revenues over (under) expenditures	<u>1,193,984</u>	<u>(598,174)</u>	<u>(623,895)</u>	<u>(28,085)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	734,696	734,696
Transfers out	(734,696)	-	-	(734,696)
Installment obligations issued	297,005	-	-	297,005
Sale of capital assets	25,248	-	6,460	31,708
Total other financing sources (uses)	<u>(412,443)</u>	<u>-</u>	<u>741,156</u>	<u>328,713</u>
Net change in fund balances	781,541	(598,174)	117,261	300,628
Fund balances, beginning of year	<u>2,813,813</u>	<u>777,166</u>	<u>522,388</u>	<u>4,113,367</u>
Fund balances, end of year	<u>\$ 3,595,354</u>	<u>\$ 178,992</u>	<u>\$ 639,649</u>	<u>\$ 4,413,995</u>

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 300,628
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	21,376
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	57,036
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	845,195
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,549,353)
Net book value of capital assets disposed of during the year, not recognized on the modified accrual basis	(5,799)
Contributions to pension plans in the current fiscal year are not included on the Statement of Activities.	436,640
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	10,691
Contributions and administration costs for OPEB are deferred outflows of resources on the statement of net position	218,604
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 the governmental funds.	
Compensated absences	(19,275)
Pension expense	(886,665)
OPEB plan expense	(327,980)
Debt issued is reported as revenues in the governmental funds statement. However, in the Statement of Activities, these transactions are not a revenue, rather they are an increase in liabilities.	(297,005)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the fund statements.	(21,926)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>1,173,938</u>
Change in net position of governmental activities (Exhibit 2)	<u>\$ (43,895)</u>

The accompanying notes are an integral part of these financial statements.

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/(Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 10,010,600	\$ 10,015,400	\$ 10,359,349	\$ 343,949
Other taxes and licenses	2,641,895	2,777,526	2,771,806	(5,720)
Unrestricted intergovernmental revenues	80,936	80,936	81,397	461
Restricted intergovernmental revenues	3,549,409	3,240,230	2,815,365	(424,865)
Permits and fees	162,200	162,200	299,291	137,091
Sales and services	773,750	787,750	714,813	(72,937)
Investment earnings	15,000	15,000	28,293	13,293
Miscellaneous	593,071	885,734	647,713	(238,021)
Total revenues	<u>17,826,861</u>	<u>17,964,776</u>	<u>17,718,027</u>	<u>(246,749)</u>
Expenditures:				
General government	4,272,425	4,282,897	3,924,382	358,515
Public safety	5,003,706	5,153,980	4,484,116	669,864
Economic and physical development	567,663	586,379	421,713	164,666
Human services	3,533,254	3,267,833	3,125,686	142,147
Cultural and recreational	396,003	395,703	315,663	80,040
Education	2,917,412	2,927,296	2,906,748	20,548
Debt service:				
Principal retirement	1,116,627	1,177,780	1,173,938	3,842
Interest and fees	79,493	96,818	96,545	273
Total expenditures	<u>17,886,583</u>	<u>17,888,686</u>	<u>16,448,791</u>	<u>1,439,895</u>
Revenues over (under) expenditures	<u>(59,722)</u>	<u>76,090</u>	<u>1,269,236</u>	<u>1,193,146</u>
Other Financing Sources (Uses):				
Transfers (out)	(647,066)	(782,878)	(782,877)	1
Long-term debt issued	297,000	297,000	297,005	5
Sale of capital assets	5,000	5,000	25,248	20,248
Appropriated fund balance	404,788	404,788	-	(404,788)
Total other financing sources (uses)	<u>59,722</u>	<u>(76,090)</u>	<u>(460,624)</u>	<u>(384,534)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	808,612	<u>\$ 808,612</u>
Fund balance, beginning of year			<u>2,604,848</u>	
Fund balance, end of year			3,413,460	
Legally budgeted funds consolidated into the General Fund for reporting purposes (Note 1)			<u>181,894</u>	
Fund balance, end of year (Exhibit 4)			<u>\$ 3,595,354</u>	

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2020

	Enterprise Fund
	Landfill Fund
Assets:	
Current assets:	
Cash and investments	\$ 180,726
Accounts receivable, net	45,890
Total current assets	226,616
Non-current assets:	
Land	110,183
Depreciable capital assets, net	374,131
Total non-current assets	484,314
Total assets	710,930
Deferred Outflows of Resources	70,526
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	64,830
Accrued wages and payroll liabilities	6,839
Current portion of compensated absences	6,000
Current portion of long-term debt	38,991
Total current liabilities	116,660
Long-term liabilities:	
Installment purchase notes	40,196
Landfill closure and post-closure care costs	4,818
Compensated absences	10,704
Total OPEB Liability	476,307
Net pension liability (LGERS)	100,211
Total long-term liabilities	632,236
Total liabilities	748,896
Deferred Inflows of Resources	98,793
Net Position:	
Net investment in capital assets	405,127
Unrestricted (deficit)	(471,360)
Total net position (deficit)	\$ (66,233)

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Fund
	Landfill Fund
Operating Revenues:	
Charges for services	\$ 1,074,605
Total operating revenues	1,074,605
Operating Expenses:	
Landfill operations	983,176
Depreciation	19,900
Total operating expenses	1,003,076
Operating income	71,529
Non-Operating Revenues:	
Interest and fees paid	(3,626)
Investment earnings	4,231
Gain (loss) on sale/disposal of assets	24,533
Total non-operating revenues	25,138
Change in net position	96,667
Net position (deficit), beginning of year	(162,900)
Net position (deficit), end of year	\$ (66,233)

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Fund
	Landfill Fund
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,081,833
Cash paid for goods and services	(688,392)
Cash paid to employees for services	(279,207)
Net cash provided by operating activities	114,234
Cash Flows from Capital and Related Financing Activities:	
Principal paid on long-term debt	(37,813)
Interest paid on long-term debt	(3,626)
Proceeds from sale of capital assets	24,533
Net cash used by capital and related financing activities	(16,906)
Cash Flows from Investing Activities:	
Interest on investments	4,231
Net increase in cash and cash equivalents	101,559
Cash and investments, beginning of year	79,167
Cash and investments, end of year	\$ 180,726
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 71,529
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	19,900
Landfill closure and post-closure care costs	(14,465)
Change in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	7,228
Decrease in deferred outflows of resources	6,967
Increase in accounts payable and accrued liabilities	2,463
Decrease in total OPEB liability	(36,044)
Increase in net pension liability (LGERS)	16,420
Increase in deferred inflows of resources	40,236
Net cash provided by operating activities	\$ 114,234

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 June 30, 2020

	<u>Library Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 29,886	\$ 40,710
Liabilities:		
Accounts payable	-	40,710
Net Position:		
Held in trust	<u>\$ 29,886</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Library Trust Fund</u>
Additions:	
Contributions	\$ 4,365
Investment income	242
Total additions	<u>4,607</u>
Deductions:	
Library Memorial Book Fund	<u>6,503</u>
Change in net position	(1,896)
Net position, beginning of year	<u>31,782</u>
Net position, end of year	<u>\$ 29,886</u>

The accompanying notes are an integral part of these financial statements.



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ALLEGHANY COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

The accounting policies of Alleghany County (the "County") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County.

Blended Component Unit

Alleghany County Industrial Facility and Pollution Control Financing Authority

Alleghany County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any Commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances. The Authority does not issue separate financial statements.

Discretely Presented Component Unit

Alleghany County Tourism Development Authority

The Alleghany County Tourism Development Authority (the "TDA") was established in January 2012. The County Commissioners appoint the TDA Board. The TDA is funded via a 6% occupancy tax levied pursuant to Session Law of the North Carolina General Assembly. The TDA has a June 30 year-end. The TDA does not issue separate financial statements.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County has the following fund categories (further divided by fund type):

Governmental funds are used to account for the County's general governmental activities. Governmental funds include the following fund types:

Major Funds:

General Fund. The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The Revaluation Fund and the Register of Deeds Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund.

County Buildings Capital Project Fund. The County issued a \$900,000 (in FY2019) direct borrowing installment note to be used for several county capital projects including a new senior center, a new courtroom at the previous senior center location, and a business development center. These projects are accounted for in the County Buildings Capital Project Fund.

Non-Major Funds:

Special Revenue Funds. Special revenue funds account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains the following special revenue funds: Transportation Fund, Fairgrounds Fund, Drug Fund, Emergency Telephone System Fund, and Soil and Water Fund.

Capital Project Funds. Capital project funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County maintains the following capital project funds within its governmental fund types: School Capital Project Fund and Outdoor Recreation Capital Project Fund.

Proprietary funds include the following fund types:

Enterprise Funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income are appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Alleghany County has one Enterprise Fund: the Landfill Fund.

Fiduciary Funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County has one private purpose fund, the Library Trust Fund, established to account for donations to be used for the local library and one agency fund: the Social Services Trust Fund, which accounts for money deposited with the Social Services Department for the benefit of certain individuals.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 non-operating 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. The principal operating revenues of the County Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax collected and held by the State at year-end on behalf of the county, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, all Special Revenue Funds, the School Capital Project Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. All capital project funds except the School Capital Project Fund, adopted a project ordinance. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, the Enterprise Fund, and at the object level for the capital project funds.

All budgets are prepared using the modified accrual basis of accounting. The Budget Officer is authorized by the budget ordinance to reallocate appropriations within a department without limit and effect transfers between departments in the same fund, not to exceed 10% of the departmental budget being reduced. Notation of all such transfers is made to the Board on the next succeeding financial report. Amendments are required for any revisions that alter total expenditures of any fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All deposits of the County and the TDA are made in Board-designated official depositories and are secured as required by General Statute 159-31. The County and the TDA may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County and the TDA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Money in the Revaluation Fund is classified as restricted cash because its use is restricted per North Carolina General Statute 153A-150. Money in the Register of Deeds Fund is classified as restricted cash because its use is restricted per North Carolina General Statute 161-10. The unexpended debt proceeds are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued.

Governmental Activities:

General Fund

Revaluation	\$ 121,465
Register of Deeds	61,996
Advance from grantor (coronavirus funding)	175,869

County Buildings Capital

Project Fund

Unspent debt proceeds	186,850
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Other Governmental Funds

Forfeiture funds	17,472
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Total Governmental Activities	\$ 563,652
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Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes

which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Capital Assets

The County's capital assets are recorded at original cost. Donated assets purchased prior to June 30, 2015 are recorded at the estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. Certain items acquired before June 30, 1982 are recorded at an estimated original cost. Minimum capitalization costs are \$5,000 for all asset types. The total of such estimates is not considered large enough that the errors would be material when capital assets are considered as a whole. Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Alleghany County Board of Education properties which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Alleghany County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over their estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Improvements	8-15 years
Equipment and Vehicles	3-20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion: contributions made to the OPEB and pension plans in the current fiscal year, and other OPEB-related and pension-related deferrals. In addition to liabilities, the Statement of Net Position can also 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 and so will not be recognized as revenue until then. The County has several items that meet this criterion: prepaid taxes, property taxes receivable, EMS receivable, and other OBEB-related or pension-related deferrals.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, total debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another financing source.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policy of the County provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made. The County accepts transfer of up to 500 hours of sick leave from other jurisdictions belonging to the North Carolina Local Governmental Employees' Retirement System, the Law Enforcement Officers' Benefit and Retirement Fund, the North Carolinas Teachers' and State Employees' Retirement System, or other affiliated North Carolina governmental retirement systems if approved by the County Manager.

Net Position/Fund Balances**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930’s that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute.” Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds – portion of fund balance restricted by revenue source and to pay for the computer equipment and imaging technology for the Register of Deeds’ office.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities, such as police, fire, EMS, and E-911.

Restricted for Recreation – portion of fund balance restricted by donor stipulations to be used for County recreation projects.

Restricted for Capital Outlay – portion of fund balance relating to unspent debt proceeds which are restricted to the purpose for which the debt was issued.

Restricted fund balance, other at June 30, 2020 is as follows:

Purpose	County			Total
	General Fund	Buildings Capital Project Fund	Other Governmental Funds	
Restricted, All Other:				
Register of Deeds	\$ 61,996	\$ -	\$ -	\$ 61,996
Public safety	-	-	68,248	68,248
Recreation	-	-	108,064	108,064
Capital outlay	-	178,992	-	178,992
Total	\$ 61,996	\$ 178,992	\$ 176,312	\$ 417,300

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Alleghany County's governing body (highest level of decision-making authority, the Board of Commissioners). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Revaluation – portion of fund balance that can only be used for tax revaluation.

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that Alleghany County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to make certain modifications without requiring Board approval.

Assigned for Economic and Physical Development – portion of fund balance budgeted by the Board for economic development incentives and projects.

Assigned for Environmental Protection – portion of fund balance budgeted by the Board to be used to support environmental protection initiatives, such as soil and water conservation.

Assigned for Capital Outlay – represents the portion of fund balance budgeted by the Board for future capital related activities.

Assigned fund balance at June 30, 2020 is as follows:

<u>Purpose</u>	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u> <u>Funds</u>	
Subsequent year's expenditures	\$ 30,356	\$ -	\$ 30,356
Economic and physical development	-	9,481	9,481
Environmental protection	-	82	82
Capital outlay	-	324,436	324,436
Total	<u>\$ 30,356</u>	<u>\$ 333,999</u>	<u>\$ 364,355</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. Only the General Fund may report a positive unassigned fund balance.

Alleghany County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements. The County has not officially adopted a fund balance policy.

Available for Appropriation

The following schedule provides management and citizens with information on the portion of fund balance in the governmental funds that is available for appropriation as of June 30, 2020:

	<u>General</u>	<u>Transportation Fund</u>	<u>Fairgrounds Fund</u>	<u>Drug Fund</u>	<u>Emergency Telephone Fund</u>	<u>Soil and Water Fund</u>
Total fund balance	\$ 3,595,354	\$ 114,092	\$ 9,481	\$ 17,472	\$ 66,022	\$ 82
Less: Stabilization by State Statute	<u>(677,338)</u>	<u>(57,615)</u>	<u>-</u>	<u>-</u>	<u>(15,246)</u>	<u>-</u>
Total available fund balance	<u>\$ 2,918,016</u>	<u>\$ 56,477</u>	<u>\$ 9,481</u>	<u>\$ 17,472</u>	<u>\$ 50,776</u>	<u>\$ 82</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual - General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds

A legally budgeted Tax Revaluation Fund and Register of Deeds Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending (Exhibit 6)	\$ 3,413,460
Tax Revaluation Fund:	
Investment earnings	871
Transfer in - General Fund	40,000
Expenditures	(72,346)
Fund balance, beginning	151,373
Register of Deeds Fund:	
Investment earnings	339
Transfer in - General Fund	8,181
Expenditures	(4,116)
Fund balance, beginning	<u>57,592</u>
Fund balance, ending (Exhibit 4)	<u>\$ 3,595,354</u>

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. Significant areas where estimates are made are: allowance for doubtful accounts, depreciation lives, and pension and OPEB liabilities.

Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments for all plans are reported at fair value.

Note 2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's and TDA's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's and TDA's agents in the County's and TDA's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and TDA, these deposits are considered to be held by its agent in the County's and TDA's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and TDA or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and TDA under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method institutions. The County and TDA rely on the State Treasurer to monitor those financial institutions. The County and TDA analyze the financial soundness of any other financial institution used by the County and TDA. The County and TDA comply with the provisions of General Statute 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the County's deposits had a carrying amount of \$4,694,932 and a bank balance of \$4,875,718. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$4,625,718 was covered by collateral held under the Pooling Method. At June 30, 2020, the County had \$1,908 cash on hand and \$40,710 was held in the names of the beneficiaries within Social Service Trust Funds.

At June 30, 2020, the TDA’s deposits had a carrying amount and bank balance of \$51,361. These funds are held by Alleghany County in a central depository account, and therefore, all balances are considered to be covered by collateral held under the pooling method.

The County and TDA have no policy regarding custodial credit risk for deposits.

Property Tax Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year	Levied	Tax	Interest	Total
2017	1,813,928	145,114	1,959,042	
2018	1,811,978	144,958	1,956,936	
2019	2,111,147	168,892	2,280,039	
2020	2,118,511	169,481	2,287,992	
Total	<u>\$ 7,855,564</u>	<u>\$ 628,445</u>	<u>\$ 8,484,009</u>	

Receivables - Allowances for Doubtful Accounts

The components of accounts receivable as reported in the government-wide statement of net position at June 30, 2020 were as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental Activities:				
General	\$ 3,630,245	\$ 328,943	\$ 677,338	\$ 4,636,526
Other governmental	72,861	-	-	72,861
Total receivables	3,703,106	328,943	677,338	4,709,387
Allowance for doubtful accounts	(3,528,732)	(94,000)	-	(3,622,732)
Total governmental activities	<u>\$ 174,374</u>	<u>\$ 234,943</u>	<u>\$ 677,338</u>	<u>\$ 1,086,655</u>
Business-Type Activities:				
Solid waste	\$ 49,499	-	-	\$ 49,499
Allowance for doubtful accounts	(3,609)	-	-	(3,609)
Total business-type activities	<u>\$ 45,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,890</u>

Due from other governments consisted of the following:

Local option sales tax	\$ 378,699
Motor vehicle taxes	68,771
GCC grant	31,280
Sales tax refund	70,729
Other	127,859
	<u>\$ 677,338</u>

Capital Assets

A summary of changes in the County's governmental capital assets is as follows:

	<u>Restated July 1, 2019</u>	<u>Additions</u>	<u>Disposals / Transfers</u>	<u>June 30, 2020</u>
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 513,769	\$ -	\$ -	\$ 513,769
Construction in progress	<u>181,275</u>	<u>574,423</u>	<u>(362,244)</u>	<u>393,454</u>
Total non-depreciable assets	<u>695,044</u>	<u>574,423</u>	<u>(362,244)</u>	<u>907,223</u>
Depreciable Assets:				
Buildings	23,296,372	366,280	(7,754)	23,654,898
Improvements	7,424,061	-	-	7,424,061
Equipment and Vehicles	<u>5,533,716</u>	<u>266,736</u>	<u>(550,324)</u>	<u>5,250,128</u>
Total depreciable assets	<u>36,254,149</u>	<u>633,016</u>	<u>(558,078)</u>	<u>36,329,087</u>
Less Accumulated Depreciation:				
Buildings	(8,278,846)	(577,431)	1,955	(8,854,322)
Improvements	(2,470,718)	(490,574)	-	(2,961,292)
Equipment and Vehicles	<u>(3,929,116)</u>	<u>(481,348)</u>	<u>550,324</u>	<u>(3,860,140)</u>
Total accumulated depreciation	<u>(14,678,680)</u>	<u>(1,549,353)</u>	<u>552,279</u>	<u>(15,675,754)</u>
Capital assets, net	<u>\$ 22,270,513</u>			<u>\$ 21,560,556</u>

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

Governmental Activities:

General government	\$ 1,071,819
Public safety	280,325
Economic and physical development	43,330
Human services	64,308
Cultural and recreation	<u>89,571</u>
Total	<u>\$ 1,549,353</u>

Summary of Proprietary Capital Assets

The capital assets of the Landfill Fund at June 30, 2020 were as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Disposals / Transfers</u>	<u>June 30, 2020</u>
Business-Type Activity:				
Non-Depreciable Assets:				
Land	\$ 110,183	\$ -	\$ -	\$ 110,183
Depreciable Assets:				
Buildings	361,014	-	(18,316)	342,698
Equipment and Vehicles	608,198	-	(83,929)	524,269
Land improvements	<u>108,244</u>	-	<u>7,099</u>	<u>115,343</u>
Total assets	1,077,456	-	(95,146)	982,310
Less Accumulated Depreciation:				
Buildings	(264,899)	(8,567)	66,393	(207,073)
Equipment and Vehicles	(377,586)	(5,799)	33,634	(349,751)
Land improvements	<u>(40,940)</u>	<u>(5,534)</u>	<u>(4,881)</u>	<u>(51,355)</u>
Total accumulated depreciation	<u>(683,425)</u>	<u>(19,900)</u>	<u>95,146</u>	<u>(608,179)</u>
Capital assets, net	<u>\$ 504,214</u>			<u>\$ 484,314</u>

Net Investment in Capital Assets

The total net investment in capital assets, net of related debt, at June 30, 2020 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 21,560,556	\$ 484,314
Debt:		
Gross long-term debt	5,656,889	79,187
Less: School debt related to assets to which the County does not hold title	<u>(285,716)</u>	<u>-</u>
Total County related debt	5,371,173	79,187
Add: Unspent debt proceeds	<u>186,850</u>	<u>-</u>
Net investment in capital assets	<u>\$ 16,376,233</u>	<u>\$ 405,127</u>

Construction Commitments

The County had no active construction projects or commitments with contractors as of June 30, 2020.

B. Liabilities

Payables

The components of accounts payable and accrued liabilities as reported in the government-wide statement of net position at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 165,423	\$ 381,767	\$ 73,883	\$ 621,073
Other governmental	<u>44,070</u>	<u>-</u>	<u>-</u>	<u>44,070</u>
Total governmental activities	<u>\$ 209,493</u>	<u>\$ 381,767</u>	<u>\$ 73,883</u>	<u>\$ 665,143</u>
Business-Type Activities:				
Landfill	<u>\$ 64,830</u>	<u>\$ 6,839</u>	<u>\$ -</u>	<u>\$ 71,669</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERs), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERs Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERs provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERs plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Alleghany County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERs Board of Trustees. Alleghany County's contractually required contribution rate for the year ended June 30, 2020, was 9.7% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is

expected to finance the costs of benefits earned by employees during the year. Total contributions to the pension plan from Alleghany County were \$735,607 (\$444,459 of County contributions and \$291,148 of employee contributions) for the year ended June 30, 2020.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the County reported a liability of \$2,004,224 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers. At June 30, 2020 the County’s proportion was 0.07339% (measured as of June 30, 2019), which was an increase of .00275% from its proportion as of June 30, 2019 (measured as of June 30, 2018.)

For the year ended June 30, 2020, the County recognized pension expense of \$894,520. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 343,174	\$ -
Changes of assumptions	326,655	-
Net difference between projected and actual earnings on pension plan investments	48,886	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	7,727
County contributions subsequent to the measurement date	458,083	-
Total	\$ 1,176,798	\$ 7,727

\$458,083 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2021	354,133
2022	108,767
2023	192,667
2024	55,421
2025	-
Thereafter	-
Total	\$ 710,988

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increase	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections 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 allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 calculated using the discount rate of 7.00 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 4,584,026	\$ 2,004,224	\$ (140,115)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62

who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>20</u>
Total	<u><u>22</u></u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent
Inflation rate	2.50 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Deaths after retirement (healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths before retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths after retirement (beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths after retirement (disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The Town’s obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. There were no contributions made by employees. The County paid \$19,466 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$393,460. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$43,177.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,891	\$ -
Changes of assumptions	20,652	12,437
County benefit payments and plan administrative expense made subsequent to the measurement date	<u>10,691</u>	<u>-</u>
Total	<u>\$ 67,234</u>	<u>\$ 12,437</u>

\$10,691 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Total
2021	10,013
2022	10,013
2023	11,109
2024	5,276
2025	5,205
Thereafter	2,490
Total	<u>\$ 44,106</u>

Sensitivity of the County’s total pension liability to changes in the discount rate. The following presents the County’s total pension liability calculated using the discount rate of 3.26 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 429,280</u>	<u>\$ 393,460</u>	<u>\$ 360,867</u>

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

Beginning balance	\$ 345,997
Service cost	20,307
Interest on the total pension liability	12,253
Changes of benefit terms	-
Differences between expected and actual experience	20,874
Changes of assumptions or other inputs	12,756
Benefit payments	<u>(18,727)</u>
Ending balance of the total pension liability	<u>\$ 393,460</u>

Supplemental Retirement Income Plan

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. All full-time employees of the County are eligible to participate in the plan after a predetermined waiting period of employment. Article 5 of General Statute Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is

included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of General Statute Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary. The County does not match any contributions made by employees not engaged in law enforcement. All employees may make voluntary contributions to the plan. All contributions are vested immediately.

Contributions for the year ended June 30, 2020 were \$84,746, which consisted of \$46,591 from the County for law enforcement officers, \$11,970 from the law enforcement officers, and \$26,185 from employees not involved in law enforcement. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. Alleghany County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a Register of Deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$1,462 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$28,271 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension asset was based on the County’s share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020 (measured June 30, 2019), the County’s proportion was .1432%, which was a decrease of .00684% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$2,337. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,363
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	289	-
Changes in proportion and differences between County contributions and proportionate share of contributions	994	235
County contributions subsequent to the measurement date	<u>1,461</u>	<u>-</u>
Total	<u>\$ 2,744</u>	<u>\$ 1,598</u>

\$1,461 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	(453)
2022	612
2023	85
2024	(559)
2025	-
Thereafter	-
Total	<u>\$ (315)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections 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 adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments 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 Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (23,369)	\$ (28,271)	\$ (32,415)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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

The net pension liability for LGERS and ROD 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 as of December 31, 2018. The total pension liability for LEOSSA was measured as of December 31, 2019, with an actuarial valuation date of December 31, 2018. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension				
Liability (Asset)	\$ 2,004,224	\$ (28,271)	n/a	\$ 1,975,953
Proportion of the Net Pension				
Liability (Asset)	0.07339%	0.14320%	n/a	n/a
Total Pension Liability	n/a	n/a	\$ 393,460	\$ 393,460
Pension Expense	\$ 894,520	\$ 43,177	\$ 2,337	\$ 940,034

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 343,174	\$ -	\$ 35,891	\$ 379,065
Changes of assumptions	326,655	-	20,652	347,307
Net difference between projected and actual earnings on pension plan investments	48,886	289	-	49,175
Changes in proportion and differences between County contributions and proportionate share of contributions	-	994	-	994
County contributions/benefit payments subsequent to the measurement date	<u>458,083</u>	<u>1,461</u>	<u>10,691</u>	<u>470,235</u>
Total	<u>\$ 1,176,798</u>	<u>\$ 2,744</u>	<u>\$ 67,234</u>	<u>\$ 1,246,776</u>

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 1,363	\$ -	\$ 1,363
Changes of assumptions	-	-	12,437	12,437
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>7,727</u>	<u>235</u>	<u>-</u>	<u>7,962</u>
Total	<u>\$ 7,727</u>	<u>\$ 1,598</u>	<u>\$ 12,437</u>	<u>\$ 21,762</u>

Other Post-Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System). A separate report was not issued for the plan.

Benefits. The County pays the full cost of coverage for these benefits for retirees who began working for the County on or before October 16, 2006. The cost of coverage is prorated for retirees who began working for the County on or after October 16, 2006. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County’s group rates until the retiree reaches age sixty-five and then Medicare assumes coverage. All full-time employees whose effective start date is on or after July 1, 2015 that qualify for retiree health insurance in accordance with adopted policies will not receive County insurance benefits after becoming eligible for Medicare. The Board of Commissioners may amend the benefit provisions.

Effective January 1, 2016, all retirees upon reaching Medicare age or the age of 65 that were employed prior to October 16, 2006, shall have their insurance transferred to a Medicare gap plan that is substantially similar to the health insurance coverage offered at that time by the County.

County Contributions Based on Years of Creditable Service

<u>Years of Creditable Service</u>	<u>Date Hired</u>	
	<u>On or Before</u>	<u>After</u>
	<u>October 16, 2006</u>	<u>October 16, 2006</u>
Less than 5	Not Eligible	Not Eligible
Less than 10	100%	Not Eligible
Between 10 and 14	100%	50%
Between 15 and 19	100%	75%
20 years or more	100%	100%

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation.

Inactive employees or beneficiaries currently receiving benefits	43
Active employees	<u>107</u>
Total	<u>150</u>

Total OPEB Liability

The County’s total OPEB liability of \$9,256,134 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.50 -7.75 percent, including inflation
Discount rate	3.50 percent
Healthcare cost trends	Pre-Medicare – 7 percent for 2019 decreasing to an ultimate rate of 4.5 percent by 2026 Medicare – 5 percent for 2019 decreasing to an ultimate rate of 4.5 percent by 2021

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

Schedule of Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2019	\$ 10,247,021
Changes for the year:	
Service cost	422,831
Interest	392,293
Changes of benefit terms	-
Differences between expected and actual experience	(1,163,028)
Changes in assumptions and other inputs	(45,102)
Benefit payments and implicit subsidy credit	<u>(327,881)</u>
Net changes	<u>(720,887)</u>
Total OPEB liability as of June 30, 2020	<u>\$ 9,526,134</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50 percent) or one percentage point higher (3.50 percent) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability	\$ 11,125,131	\$ 9,526,134	\$ 8,251,810

Sensitivity of the total OPEB liability to changes in healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease (Pre-Medicare 6% Medicare 4%)</u>	<u>Discount Rate (Pre-Medicare 7% Medicare 5%)</u>	<u>1% Increase (Pre-Medicare 8% Medicare 6%)</u>
Total OPEB liability	\$ 8,095,102	\$ 9,526,134	\$ 11,362,796

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$431,929, including an implicit rate subsidy of \$67,000. At June 30, 2020, the County 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	\$ 3,637	\$ 997,354
Changes of assumptions and other inputs	-	970,787
Benefit payments and administrative costs made subsequent to the measurement date	<u>230,109</u>	<u>-</u>
Total	<u>\$ 233,746</u>	<u>\$ 1,968,141</u>

\$230,109 reported as deferred outflows related to OPEB resulting from benefit payments and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2021	(390,183)
2022	(390,183)
2023	(390,183)
2024	(376,168)
2025	(242,251)
Thereafter	<u>(175,536)</u>
Total	<u>\$ (1,964,504)</u>

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law

enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plans in the current fiscal year	\$ 459,544
Benefit payments/administration costs paid for LEOSSA subsequent to the measurement date	10,691
Benefit payments/administration costs paid for OPEB subsequent to the measurement date	230,109
Differences between expected and actual experience	382,702
Changes of assumptions	347,307
Net difference between expected and actual earnings on pension plan investments	49,175
Change in proportion and differences between County contributions and proportionate share of contributions	<u>994</u>
Total	<u>\$ 1,480,522</u>

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Governmental Funds</u>	<u>Government- Wide Statement of Net Position</u>
Prepaid taxes not yet earned (General)	\$ 47,445	\$ 47,445
EMS receivable, net (General)	101,513	-
Taxes receivable, net (General)	224,157	-
Differences between expected and actual experience	-	998,717
Changes of assumptions	-	983,224
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>-</u>	<u>7,962</u>
	<u>\$ 373,115</u>	<u>\$ 2,037,348</u>

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2

million per occurrence (some members purchase higher limits); auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$500,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$998 million purchased through a group of commercial carriers through the multi-state public entity captive.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere.

The County carries commercial coverage for other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Long-Term Obligations

Operating Leases

The County pays \$4,100 per month for rent of the Department of Social Services building. The lease expires June 30, 2029. The County leases communications equipment for \$5,079 per month for sixty months, expiring in June 2022. The County leases a Doosan loader for \$3,179 per month for 60 months, expiring in September 2024.

Lease expense for these leases for the year ended June 30, 2020 was \$138,759.

Future minimum rent payments are as follows:

Year Ending	Amount
June 30	
2021	148,296
2022	148,296
2023	87,348
2024	87,348
2025	58,737
2026-2030	246,000
Total	<u>\$ 776,025</u>

Direct Borrowing Installment Purchases

Governmental Activities - Serviced by Governmental Funds:

As authorized by State law (G.S. 160A-20 and 153A-158.1), the County financed a construction project for Alleghany County Board of Education during the fiscal year ended June 30, 1996 by installment purchase. The installment purchase was issued pursuant to a deed of trust which requires that legal title remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into a lease with Alleghany County Board of Education which transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education.

All of the County’s direct borrowing installment purchases are secured by pledges of collateral for the property acquired by the financing. At June 30, 2020, the County’s direct borrowing installment purchases payable consist of the following:

Governmental Activities:

Courthouse: 3.74% note payable in semi-annual installments ranging from \$69,611 to \$105,391, including interest, issued December 2005; final payment due November 2020	\$ 68,332
QZAB: 0% note payable in annual installments of \$142,857, issued April 2008; final payment due April 2022	285,716
QSCB1: note payable in annual installments of \$222,639, plus interest, issued December 2009; final payment due December 2024	1,113,195
QSCB2: note payable in annual installments of \$29,874, plus interest, issued December 2010; final payment due December 2024	149,364
Safety Training & Glade Creek W&S: 2.51% note payable in annual installments with payment ranging from \$28,594 to \$38,871, including interest, issued April 2013; final payment due April 2028	451,830
Ambulance and police vehicles: 2.19% note payable in semi-annual installments of \$19,310, including interest, issued January 2017; final payment due June 2022	57,928
Blue Ridge Library Loan: 0% interest note payable in monthly installments of \$2,554.38, issued November 2016; final payment due October 2026	194,131
Administrative and public safety equipment: 2.29% interest note payable in annual installments of \$124,014, issued September 2017; final payment due September 2022	355,631
QZAB, Sparta Elementary School: 0% interest note payable in annual installments of \$91,667, issued October 2017, final payment due October 2032	1,191,666

Advance refunding of Sparta School Debt, original issue February 2006, refunded October 2017; 2.19% note payable in annual installments ranging from \$117,240 to \$124,777, including interest, issued October 2017; final payment due October 2021	229,456
Ambulance and EMS vehicle: 3.63% interest note payable in semi-annual installments of \$20,145, issued June 2019, final payment due March 2024	148,798
County buildings: 3.07% interest note payable in annual installments ranging from \$92,763 to \$119,549, issued June 2019, final payment due July 2029	900,000
Dispatch equipment: 4.97% interest note payable in annual installments of \$78,478, issued August 2017, final payment due August 2022	213,837
Equipment and vehicles: 2.34% interest note payable in annual installments of \$63,634, issued December 2019, final payment due December 2024	<u>297,005</u>
Total direct borrowing installment purchases - governmental activities	<u>5,656,889</u>

Business Type Activities:

Transfer station scales: 3.09% interest note payable in annual installments of \$41,438, issued September 2018, final payment due September 2021	<u>79,187</u>
Total installment purchase debt	<u>\$ 5,736,076</u>

For the County, the future minimum payments for installment purchase debt as of June 30, 2020 are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,161,466	\$ 108,526	\$ 38,991	\$ 2,447	\$ 1,200,457	\$ 110,973
2022	1,082,465	83,184	40,196	1,242	1,122,661	84,426
2023	814,515	61,367	-	-	814,515	61,367
2024	621,286	41,956	-	-	621,286	41,956
2025	583,489	29,315	-	-	583,489	29,315
2026-2030	1,026,975	48,887	-	-	1,026,975	48,887
2031-2035	<u>366,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>366,703</u>	<u>-</u>
Total	<u>\$ 5,656,899</u>	<u>\$ 373,235</u>	<u>\$ 79,187</u>	<u>\$ 3,689</u>	<u>\$ 5,736,086</u>	<u>\$ 376,924</u>

At June 30, 2020, the County had a legal debt margin of approximately \$132,000,000.

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2020:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>	<u>Current Portion</u>
Governmental Activities:					
Direct borrowing installment purchases	\$ 6,533,822	\$ 297,005	\$ 1,173,938	\$ 5,656,889	\$ 1,161,466
Total pension liability (LEOSSA)	345,997	47,463	-	393,460	-
Net pension liability (LGERS)	1,592,031	311,982	-	1,904,013	-
Compensated absences	338,212	19,275	129,000	357,487	129,000
Total OPEB liability	<u>9,734,670</u>	<u>-</u>	<u>684,843</u>	<u>9,049,827</u>	<u>-</u>
Total governmental activities	<u>\$ 18,544,732</u>	<u>\$ 675,725</u>	<u>\$ 1,987,781</u>	<u>\$ 17,361,676</u>	<u>\$ 1,290,466</u>
Business-Type Activity:					
Direct borrowing installment purchases	\$ 117,000	\$ -	\$ 37,813	\$ 79,187	\$ 38,991
Net pension liability (LGERS)	83,791	16,420	-	100,211	-
Compensated absences	21,472	1,232	6,000	16,704	6,000
Accrued landfill closure and post-closure care costs	19,283	-	14,465	4,818	-
Total OPEB liability	<u>512,351</u>	<u>-</u>	<u>36,044</u>	<u>476,307</u>	<u>-</u>
Total business-type activities	<u>\$ 753,897</u>	<u>\$ 17,652</u>	<u>\$ 94,322</u>	<u>\$ 677,227</u>	<u>\$ 44,991</u>

Compensated absences for governmental activities typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

Post-Closure Care Costs - Landfill Facility

Federal and State laws and regulations required the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The \$4,818, reported as landfill post-closure care liability at June 30, 2020, represents an estimate of the present value of the costs to monitor and maintain the closed facility for the next 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to fund post-closure care costs as they are incurred from the operations of the Landfill Fund. However, if operating results are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations), these costs may need to be covered by charges to future landfill users or by future tax revenues.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements.

Interfund Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

<u>Purpose</u>	<u>Amount</u>
From General Fund	
to the Transportation Fund for capital expenditures	\$ 81,352
From General Fund	
to the School Capital Project Fund for capital expenditures	653,344
Total transfers	<u>\$ 734,696</u>

Note 3. Joint Ventures

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the Alleghany Campus of Wilkes Community College. Alleghany County appoints two members of the 17 member Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County provides some financial support for the Community College operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Alleghany Campus of Wilkes Community College facilities. The County contributed \$194,155 to the Community College for operating purposes during the fiscal year ended June 30, 2020. Alleghany County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the Community College may be obtained from the Community College Administrative Offices at P.O. Box 120, Wilkesboro, North Carolina 28697.

The County also participates in a joint venture with two other local governments to operate Appalachian District Health Department. The County appoints four Board members to the 15-member Board of the Health Department. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2020. The County contributed \$212,706 to the Health Department during the fiscal year ended June 30, 2020. Complete financial statements for the Health Department can be obtained from the Department's office at 126 Poplar Grove Connector, Boone, North Carolina 28607.

The County also participates in a joint venture with 16 other local governments to operate Northwest Regional Library. The County appoints one Board member to the 12-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$179,765 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Bridge Street, Elkin, North Carolina 28621.

The County also participates in a local management entity with twenty-two other local governments (Alexander, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey counties) to operate Vaya Health. The County has an ongoing financial responsibility for the joint venture because Vaya Health's continued existence depends on the

participating governments' continued funding. None of the participating governments have any equity interest in Vaya Health, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$115,483 to Vaya Health to supplement its activities. Complete financial statements for Vaya Health can be obtained from the entity's office at 44 Bonnie Lane, Sylva, North Carolina 28779.

Note 4. Jointly Governed Organization

The County, in conjunction with six other counties and 19 municipalities, established the High Country Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$5,855 to the Council during the fiscal year ended June 30, 2020.

Note 5. Summary Disclosure of Significant Commitment and Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 6. Prior Period Adjustment

The County made an adjustment to decrease beginning net position of governmental activities by \$151,192 to correct an error in the balance of governmental capital assets. Errors occurred in FY 2019 related to the roll-forward of construction in progress. As of June 30, 2019, a few governmental capital assets were duplicated and included within both depreciable assets and also construction in progress.

Note 7. Uncertainties from the COVID-19 Pandemic

The COVID-19 pandemic in the United States, including Alleghany County, North Carolina, has caused severe business disruptions as state and local governments have declared states of emergency and issued stay-at-home orders for all but the most essential activities. As a result, economic uncertainties have arisen which are likely to negatively impact the County in various ways.

A loss of revenue could take place. Sales tax revenue is particularly vulnerable to economic uncertainties. The County may also experience staffing shortages due to employee departures from the workforce or from exposure to the virus. Other financial impacts could occur, though such potential impact is unknown at this time. The overall financial impact and duration of the COVID-19 pandemic cannot be reasonably estimated at this time.



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REQUIRED SUPPLEMENTAL FINANCIAL DATA



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LAW ENFORCEMENT OFFICERS' SPECIAL SEPERATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST FOUR FISCAL YEARS*

Schedule of Changes in Total Pension Liability

	2020	2019	2018	2017
Beginning balance	\$ 345,997	\$ 343,028	\$ 308,408	\$ 317,365
Changes for the year:				
Service cost at end of year	20,307	19,805	15,191	15,532
Interest	12,253	10,401	11,369	10,834
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	20,874	15,101	16,063	-
Changes of assumptions and other inputs	12,756	(14,570)	19,765	(7,555)
Benefit payments	(18,727)	(27,768)	(27,768)	(27,768)
Net changes	47,463	2,969	34,620	(8,957)
Ending balance of the total pension liability	<u>\$ 393,460</u>	<u>\$ 345,997</u>	<u>\$ 343,028</u>	<u>\$ 308,408</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total pension liability	\$ 393,460	\$ 345,997	\$ 343,028	\$ 308,408
Covered payroll	793,286	701,478	599,223	587,782
Total pension liability as a percentage of covered payroll	49.60%	49.32%	57.25%	52.47%

Notes to the schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 73 nor does the Plan provide pay-related benefits.

Changes in Actuarial Assumptions

December 31, 2019 measurement date: The Municipal Bond Index Rate decreased from 3.64% to 3.26%.

December 31, 2018 measurement date: The Municipal Bond Index Rate increased from 3.16% to 3.64%.

December 31, 2017 measurement date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%.

December 31, 2016 measurement date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.

* The amounts presented for each fiscal year were determined as of the prior December 31.

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST THREE FISCAL YEARS*

Schedule of Changes in the Total OPEB Liability and Related Ratios

	2020	2019	2018
Service cost	\$ 422,831	\$ 443,280	\$ 492,027
Interest	392,293	361,631	320,613
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,163,028)	4,860	326
Changes of assumptions and other inputs	(45,102)	(542,706)	(967,256)
Benefit payments and implicit subsidy credit	(327,881)	(353,368)	(325,585)
Net change in total OPEB liability	(720,887)	(86,303)	(479,875)
Total OPEB liability - beginning	10,247,021	10,333,324	10,813,199
Total OPEB liability - ending	<u>\$ 9,526,134</u>	<u>\$ 10,247,021</u>	<u>\$ 10,333,324</u>
Covered payroll	\$ 4,169,340	\$ 3,685,961	\$ 3,685,961
Total OPEB liability as a percentage of covered payroll	228.48%	278.00%	280.34%

Notes to the schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal year	Rate
2020	3.50%
2019	3.89%
2018	3.56%
2017	3.01%

* The amounts presented were determined as of the prior June 30.

ALLEGHANY COUNTY, NORTH CAROLINA

Schedule A-3

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS***

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.07339%	0.07064%	0.06704%	0.06400%	0.06249%	0.06033%	6.28000%
County's proportion of the net pension liability (asset) (\$)	\$ 2,004,224	\$ 1,675,822	\$ 1,024,185	\$ 1,358,294	\$ 280,451	\$ (355,794)	\$ 756,981
County's covered payroll	4,835,063	4,048,445	3,821,214	3,632,539	3,455,839	3,455,839	3,362,242
County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	41.45%	41.39%	26.80%	37.39%	8.12%	(10.30%)	22.51%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior June 30.

ALLEGHANY COUNTY, NORTH CAROLINA

Schedule A-4

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS**

Schedule of County's Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 458,083	\$ 362,087	\$ 309,545	\$ 279,302	\$ 243,604	\$ 243,788	\$ 241,905
Contributions in relation to the contractually required contribution	<u>458,083</u>	<u>362,087</u>	<u>309,545</u>	<u>279,302</u>	<u>243,788</u>	<u>241,905</u>	<u>241,905</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,306,689	\$ 4,835,063	\$ 4,048,445	\$ 3,821,214	\$ 3,632,539	\$ 3,552,484	\$ 3,455,839
Contributions as a percentage of covered payroll	8.63%	7.49%	7.65%	7.31%	6.71%	6.81%	7.00%

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS*

Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.14320%	0.15004%	0.14677%	0.14815%	0.15224%	0.15192%	0.14630%
County's proportionate share of the net pension liability (asset) (\$)	\$ (28,271)	\$ (24,851)	\$ (25,052)	\$ (27,698)	\$ (35,280)	\$ (34,434)	\$ (31,250)
Plan fiduciary net position as a percentage of the total pension liability	162.50%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior June 30.

ALLEGHANY COUNTY, NORTH CAROLINA

Schedule A-6

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS

Schedule of County's Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,461	\$ 1,481	\$ 1,276	\$ 1,163	\$ 1,210	\$ 1,218	\$ 1,240
Contributions in relation to the contractually required contribution	<u>1,461</u>	<u>1,481</u>	<u>1,276</u>	<u>1,163</u>	<u>1,210</u>	<u>1,218</u>	<u>1,240</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION



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GENERAL FUND



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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Register of Deeds Fund</u>	<u>Total General Fund Consolidated</u>
Revenues:				
Ad valorem taxes	\$ 10,359,349	\$ -	\$ -	\$ 10,359,349
Other taxes and licenses	2,771,806	-	-	2,771,806
Unrestricted intergovernmental	81,397	-	-	81,397
Restricted intergovernmental	2,815,365	-	-	2,815,365
Permits and fees	299,291	-	-	299,291
Sales and services	714,813	-	-	714,813
Investment earnings	28,293	871	339	29,503
Miscellaneous	647,713	-	-	647,713
Total revenues	<u>17,718,027</u>	<u>871</u>	<u>339</u>	<u>17,719,237</u>
Expenditures:				
Current:				
General government	3,924,382	72,346	4,116	4,000,844
Public safety	4,484,116	-	-	4,484,116
Economic and physical development	421,713	-	-	421,713
Human services	3,125,686	-	-	3,125,686
Cultural and recreational	315,663	-	-	315,663
Education	2,906,748	-	-	2,906,748
Debt service:				
Principal repayments	1,173,938	-	-	1,173,938
Interest	96,545	-	-	96,545
Total expenditures	<u>16,448,791</u>	<u>72,346</u>	<u>4,116</u>	<u>16,525,253</u>
Revenues over (under) expenditures	<u>1,269,236</u>	<u>(71,475)</u>	<u>(3,777)</u>	<u>1,193,984</u>
Other Financing Sources (Uses):				
Transfers out	(734,696)	-	-	(734,696)
Intrafund transfers	(48,181)	40,000	8,181	-
Long-term debt issued	297,005	-	-	297,005
Sale of fixed assets	25,248	-	-	25,248
Total other financing sources (uses)	<u>(460,624)</u>	<u>40,000</u>	<u>8,181</u>	<u>(412,443)</u>
Net change in fund balances	808,612	(31,475)	4,404	781,541
Fund balances, beginning of year	<u>2,604,848</u>	<u>151,373</u>	<u>57,592</u>	<u>2,813,813</u>
Fund balances, end of year	<u>\$ 3,413,460</u>	<u>\$ 119,898</u>	<u>\$ 61,996</u>	<u>\$ 3,595,354</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 9,954,800	\$ 10,301,102	\$ 346,302
Penalties and interest	60,600	58,247	(2,353)
Total	<u>10,015,400</u>	<u>10,359,349</u>	<u>343,949</u>
Other Taxes:			
Local option sales taxes	2,632,526	2,614,371	(18,155)
Deed stamp excise tax	145,000	157,435	12,435
Total	<u>2,777,526</u>	<u>2,771,806</u>	<u>(5,720)</u>
Unrestricted Intergovernmental:			
Beer and wine tax	40,000	41,389	1,389
Contribution from Alleghany Board of Education	40,936	40,008	(928)
Total	<u>80,936</u>	<u>81,397</u>	<u>461</u>
Restricted Intergovernmental:			
Federal and state grants	3,240,230	2,815,365	(424,865)
Total	<u>3,240,230</u>	<u>2,815,365</u>	<u>(424,865)</u>
Permits and Fees:			
Register of Deed's fees	65,000	79,748	14,748
Beer and wine permits	1,000	1,425	425
Building inspector fees	75,000	195,092	120,092
Fire inspector fees	7,500	5,066	(2,434)
Pistol permits	10,500	15,048	4,548
Other permits and fees	3,200	2,912	(288)
Total	<u>162,200</u>	<u>299,291</u>	<u>137,091</u>
Sales and Services:			
Boarding of prisoners	197,100	153,068	(44,032)
Facility fees	13,000	10,837	(2,163)
Officer fees	19,500	21,061	1,561
Jail fees	38,000	43,115	5,115
Fines and forfeitures	44,000	35,608	(8,392)
Rents and concessions	1,900	1,853	(47)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Sales and Services (continued):			
Tag office revenues	41,000	43,937	2,937
Recreation fees	8,250	5,261	(2,989)
Ambulance fees	<u>425,000</u>	<u>400,073</u>	<u>(24,927)</u>
Total	<u>787,750</u>	<u>714,813</u>	<u>(72,937)</u>
Investment Earnings	<u>15,000</u>	<u>28,293</u>	<u>13,293</u>
Miscellaneous:			
ABC Store profit - regular	27,500	23,450	(4,050)
Reimbursements	310,356	340,005	29,649
Contributions	21,943	37,837	15,894
Miscellaneous	<u>525,935</u>	<u>246,421</u>	<u>(279,514)</u>
Total	<u>885,734</u>	<u>647,713</u>	<u>(238,021)</u>
Total revenues	<u>17,964,776</u>	<u>17,718,027</u>	<u>(246,749)</u>
Expenditures:			
General Government:			
Governing Body:			
Fees paid to elected officials		45,627	
Other operating expenditures		<u>54,547</u>	
Total	<u>113,853</u>	<u>100,174</u>	<u>13,679</u>
Administration:			
Salaries and employee benefits		134,537	
Other operating expenditures		<u>16,123</u>	
Total	<u>165,467</u>	<u>150,660</u>	<u>14,807</u>
Finance:			
Salaries and employee benefits		146,426	
Other operating expenditures		<u>126,683</u>	
Total	<u>301,576</u>	<u>273,109</u>	<u>28,467</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Human Resources:			
Salaries and employee benefits		38,776	
Other operating expenditures		<u>5,037</u>	
Total	<u>49,918</u>	<u>43,813</u>	<u>6,105</u>
Elections:			
Salaries and employee benefits		91,391	
Fees paid to elected officials		3,310	
Other operating expenditures		<u>61,591</u>	
Total	<u>167,977</u>	<u>156,292</u>	<u>11,685</u>
Tax Administration:			
Salaries and employee benefits		304,480	
Other operating expenditures		<u>89,789</u>	
Total	<u>408,613</u>	<u>394,269</u>	<u>14,344</u>
Mapping:			
Salaries and employee benefits		113,728	
Other operating expenditures		<u>19,720</u>	
Total	<u>138,348</u>	<u>133,448</u>	<u>4,900</u>
Court Facilities:			
Maintenance	<u>5,000</u>	<u>4,985</u>	<u>15</u>
Total	<u>5,000</u>	<u>4,985</u>	<u>15</u>
Register of Deeds:			
Salaries and employee benefits		168,018	
Other operating expenditures		<u>97,497</u>	
Total	<u>327,562</u>	<u>265,515</u>	<u>62,047</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Public Buildings:			
Salaries and employee benefits		170,873	
Other operating expenditures		237,412	
Capital outlay		63,664	
Total	<u>488,447</u>	<u>471,949</u>	<u>16,498</u>
Transportation:			
Salaries and employee benefits		111,442	
Other operating expenditures		17,030	
Total	<u>135,065</u>	<u>128,472</u>	<u>6,593</u>
Tag Office:			
Salaries and employee benefits		59,201	
Other operating expenditures		77	
Total	<u>65,535</u>	<u>59,278</u>	<u>6,257</u>
Insurance	<u>1,722,126</u>	<u>1,559,349</u>	<u>162,777</u>
Other General Government:			
Other operating expenditures	<u>193,410</u>	<u>183,069</u>	<u>10,341</u>
Total	<u>193,410</u>	<u>183,069</u>	<u>10,341</u>
Total general government	<u>4,282,897</u>	<u>3,924,382</u>	<u>358,515</u>
Public Safety:			
Sheriff:			
Salaries and employee benefits		1,189,875	
Other operating expenditures		248,021	
Capital outlay		150,642	
Total	<u>1,876,248</u>	<u>1,588,538</u>	<u>287,710</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Roaring Gap Deputies:			
Salaries and employee benefits	115,468	107,303	8,165
Total	<u>115,468</u>	<u>107,303</u>	<u>8,165</u>
Jail:			
Salaries and employee benefits		426,931	
Other operating expenditures		463,797	
Capital outlay		10,382	
Total	<u>1,035,156</u>	<u>901,110</u>	<u>134,046</u>
Dispatchers:			
Salaries and employee benefits		215,803	
Other operating expenditures		29,294	
Total	<u>284,625</u>	<u>245,097</u>	<u>39,528</u>
Animal Control:			
Salaries and employee benefits		19,025	
Other operating expenditures		44,483	
Total	<u>85,345</u>	<u>63,508</u>	<u>21,837</u>
Fire and Rescue:			
Fire control		56,612	
Assistance to local fire departments		317,706	
Assistance to local rescue squad		48,000	
Fire commission		71,478	
Total	<u>574,753</u>	<u>493,796</u>	<u>80,957</u>
Emergency Management:			
Salaries and employee benefits		53,397	
Other operating expenditures		14,096	
Capital outlay		64,486	
Total	<u>137,806</u>	<u>131,979</u>	<u>5,827</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Ambulance Service:			
Salaries and employee benefits		752,543	
Other operating expenditures		75,805	
Capital outlay		7,497	
Total	<u>919,816</u>	<u>835,845</u>	<u>83,971</u>
Inspections:			
Salaries and employee benefits		107,268	
Other operating expenditures		9,672	
Total	<u>124,763</u>	<u>116,940</u>	<u>7,823</u>
Total public safety	<u>5,153,980</u>	<u>4,484,116</u>	<u>669,864</u>
Economic and Physical Development:			
Agricultural Extension:			
Salaries and employee benefits		162,387	
Other operating expenditures		12,408	
Total	<u>188,666</u>	<u>174,795</u>	<u>13,871</u>
Soil and Water Conservation:			
Salaries and employee benefits		92,652	
Other operating expenditures		11,466	
Total	<u>114,059</u>	<u>104,118</u>	<u>9,941</u>
Special Appropriations:			
Other operating expenditures		64,258	
Total	<u>172,404</u>	<u>64,258</u>	<u>108,146</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Economic Development:			
Other operating expenditures		78,542	
Total	111,250	78,542	32,708
Total economic and physical development	586,379	421,713	164,666
Human Services:			
Health:			
Operating expenditures		13,478	
Contributions to other agencies		212,706	
Total	234,206	226,184	8,022
Mental Health:			
Contributions to other agency		274,587	
Total	275,713	274,587	1,126
Social Services Administration:			
Salaries and employee benefits		1,246,694	
Other operating expenditures		216,137	
Total	1,572,256	1,462,831	109,425
Other Social Services:			
In-home aide salaries and employee benefits		4,661	
Medicaid operating expenditures		11,952	
Other operating expenditures		1,088,675	
Total	1,110,498	1,105,288	5,210
Total social services	2,682,754	2,568,119	114,635
Veterans Administration:			
Salaries and employee benefits		37,772	
Other operating expenditures		4,099	
Total	57,660	41,871	15,789

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Contributions to Other Agencies	17,500	14,925	2,575
Total human services	<u>3,267,833</u>	<u>3,125,686</u>	<u>142,147</u>
Cultural and Recreational:			
Recreation:			
Salaries and employee benefits		70,297	
Other operating expenditures		<u>52,676</u>	
Total	<u>202,035</u>	<u>122,973</u>	<u>79,062</u>
Libraries	<u>180,668</u>	<u>179,765</u>	<u>903</u>
Other Cultural and Recreational	<u>13,000</u>	<u>12,925</u>	<u>75</u>
Total cultural and recreational	<u>395,703</u>	<u>315,663</u>	<u>80,040</u>
Education:			
Public schools - current expense		2,640,522	
Community-based alternatives		72,071	
Wilkes Community College		<u>194,155</u>	
Total education	<u>2,927,296</u>	<u>2,906,748</u>	<u>20,548</u>
Debt Service:			
Principal retirement		1,173,938	
Interest and fees		<u>96,545</u>	
Total debt service	<u>1,274,598</u>	<u>1,270,483</u>	<u>4,115</u>
Total expenditures	<u>17,888,686</u>	<u>16,448,791</u>	<u>1,439,895</u>
Revenues over (under) expenditures	<u>76,090</u>	<u>1,269,236</u>	<u>1,193,146</u>

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Other Financing Sources (Uses):			
Transfers from (to) other funds:			
To Transportation Fund	(81,352)	(81,352)	-
To School Capital Project Fund	(653,345)	(653,344)	1
Intrafund transfers out	(48,181)	(48,181)	-
Installment purchase obligations issued	297,000	297,005	5
Sale of capital assets	5,000	25,248	20,248
Appropriated fund balance	<u>404,788</u>	<u>-</u>	<u>(404,788)</u>
Total other financing sources (uses)	<u>(76,090)</u>	<u>(460,624)</u>	<u>(384,534)</u>
 Net change in fund balance	 <u>\$ -</u>	 808,612	 <u>\$ 808,612</u>
 Fund balance, beginning of year		 <u>2,604,848</u>	
 Fund balance, end of year		 <u>\$ 3,413,460</u>	

**REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Final Budget	Actual	Variance Over/(Under)
Revenues:			
Investment earnings	\$ 450	\$ 871	\$ 421
Total revenues	450	871	421
Expenditures:			
General government:			
Tax listing	128,487	72,346	56,141
Capital outlay	28,326	-	28,326
Total expenditures	156,813	72,346	84,467
Revenues under expenditures	(156,363)	(71,475)	84,888
Other Financing Sources:			
Transfers (intrafund)	40,000	40,000	-
Appropriated fund balance	116,363	-	(116,363)
Total other financing sources	156,363	40,000	(116,363)
Net change in fund balance	\$ -	(31,475)	\$ (31,475)
Fund balance, beginning of year		151,373	
Fund balance, end of year		\$ 119,898	

REGISTER OF DEEDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Revenues:			
Investment earnings	\$ 150	\$ 339	\$ 189
Expenditures:			
Register of Deeds' expenditures	51,100	4,116	46,984
Revenues under expenditures	(50,950)	(3,777)	47,173
Other Financing Sources:			
Transfers (intrafund)	8,000	8,181	181
Appropriated fund balance	42,950	-	(42,950)
Total other financing sources	50,950	8,181	(42,769)
Net change in fund balance	<u>\$ -</u>	4,404	<u>\$ 4,404</u>
Fund balance, beginning of year		<u>57,592</u>	
Fund balance, end of year		<u>\$ 61,996</u>	

MAJOR - COUNTY BUILDINGS CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Project to Date</u>	
Revenues:					
Investment earnings	\$ -	\$ 3	\$ 15	\$ 18	\$ 18
Expenditures:					
Capital outlay:					
New senior center	375,130	-	352,321	352,321	22,809
85 East Whitehead Street	162,363	-	6,500	6,500	155,863
Business development center	292,493	105,815	186,678	292,493	-
90 South Main Street Renovatio	25,200	-	25,200	25,200	-
Professional fees	26,132	17,022	9,110	26,132	-
Contingency	18,682	-	18,380	18,380	302
Total expenditures	<u>900,000</u>	<u>122,837</u>	<u>598,189</u>	<u>721,026</u>	<u>178,974</u>
Revenues under expenditures	<u>(900,000)</u>	<u>(122,834)</u>	<u>(598,174)</u>	<u>(721,008)</u>	<u>178,992</u>
Other Financing Sources:					
Installment obligations issued	<u>900,000</u>	<u>900,000</u>	<u>-</u>	<u>900,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 777,166</u>	<u>\$ (598,174)</u>	<u>\$ 178,992</u>	<u>\$ 178,992</u>



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NONMAJOR GOVERNMENTAL FUNDS



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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash and investments	\$ 154,780	\$ 438,606	\$ 593,386
Restricted cash and investments	17,472	-	17,472
Accounts receivable, net	72,861	-	72,861
Total assets	\$ 245,113	\$ 438,606	\$ 683,719
 Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 37,964	\$ 6,106	\$ 44,070
 Fund Balances:			
Restricted:			
Stabilization by State statute	72,861	-	72,861
Restricted, all other	68,248	108,064	176,312
Assigned	9,563	324,436	333,999
Unassigned	56,477	-	56,477
Total fund balances	207,149	432,500	639,649
Total liabilities and fund balances	\$ 245,113	\$ 438,606	\$ 683,719

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds	Capital Project Funds	Total
Revenues:			
Restricted intergovernmental revenues	\$ 396,259	\$ -	\$ 396,259
Services and fees	7,126	-	7,126
Investment earnings	912	2,997	3,909
Miscellaneous	91,140	-	91,140
Total revenues	495,437	2,997	498,434
Expenditures:			
Current:			
Public safety	226,594	-	226,594
Economic and physical development	8,385	-	8,385
Environmental protection	23,420	-	23,420
Human services	268,965	-	268,965
Education	-	275	275
Capital outlay	-	594,690	594,690
Total expenditures	527,364	594,965	1,122,329
Revenues under expenditures	(31,927)	(591,968)	(623,895)
Other Financing Sources:			
Transfers in	81,352	653,344	734,696
Sale of capital assets	6,460	-	6,460
Total other financing sources	87,812	653,344	741,156
Net change in fund balances	55,885	61,376	117,261
Fund balances, beginning of year	151,264	371,124	522,388
Fund balances, end of year	\$ 207,149	\$ 432,500	\$ 639,649

ALLEGHANY COUNTY, NORTH CAROLINA

Schedule C-3

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING BALANCE SHEET
 June 30, 2020

	<u>Transportation Fund</u>	<u>Fairgrounds Fund</u>	<u>Drug Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Soil and Water Fund</u>	<u>Total</u>
Assets:						
Cash and investments	\$ 64,307	\$ 9,514	\$ -	\$ 61,199	\$ 19,760	\$ 154,780
Restricted cash and investments	-	-	17,472	-	-	17,472
Accounts receivable, net	57,615	-	-	15,246	-	72,861
Total assets	<u>\$ 121,922</u>	<u>\$ 9,514</u>	<u>\$ 17,472</u>	<u>\$ 76,445</u>	<u>\$ 19,760</u>	<u>\$ 245,113</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 1,659	\$ 33	\$ -	\$ 10,423	\$ 19,678	\$ 31,793
Accrued wages and payroll liabilities	6,171	-	-	-	-	6,171
Total liabilities	<u>7,830</u>	<u>33</u>	<u>-</u>	<u>10,423</u>	<u>19,678</u>	<u>37,964</u>
Fund Balances:						
Restricted:						
Stabilization by State statute	57,615	-	-	15,246	-	72,861
Restricted, other	-	-	17,472	50,776	-	68,248
Assigned	-	9,481	-	-	82	9,563
Unassigned (deficit)	56,477	-	-	-	-	56,477
Total fund balances	<u>114,092</u>	<u>9,481</u>	<u>17,472</u>	<u>66,022</u>	<u>82</u>	<u>207,149</u>
Total liabilities and fund balances	<u>\$ 121,922</u>	<u>\$ 9,514</u>	<u>\$ 17,472</u>	<u>\$ 76,445</u>	<u>\$ 19,760</u>	<u>\$ 245,113</u>

NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Transportation Fund</u>	<u>Fairgrounds Fund</u>	<u>Drug Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Soil and Water Fund</u>	<u>Total</u>
Revenues:						
Restricted intergovernmental	\$ 207,683	\$ -	\$ 2,031	\$ 182,945	\$ 3,600	\$ 396,259
Services and fees	-	7,126	-	-	-	7,126
Investment earnings	-	87	112	404	309	912
Miscellaneous	89,890	1,250	-	-	-	91,140
Total revenues	<u>297,573</u>	<u>8,463</u>	<u>2,143</u>	<u>183,349</u>	<u>3,909</u>	<u>495,437</u>
Expenditures:						
Public safety	-	-	1,008	225,586	-	226,594
Economic and physical development	-	8,385	-	-	-	8,385
Environmental protection	-	-	-	-	23,420	23,420
Human services	268,965	-	-	-	-	268,965
Total expenditures	<u>268,965</u>	<u>8,385</u>	<u>1,008</u>	<u>225,586</u>	<u>23,420</u>	<u>527,364</u>
Revenues over (under) expenditures	<u>28,608</u>	<u>78</u>	<u>1,135</u>	<u>(42,237)</u>	<u>(19,511)</u>	<u>(31,927)</u>
Other Financing Sources:						
Transfers from other funds	81,352	-	-	-	-	81,352
Proceeds from the sale of assets	3,033	-	3,427	-	-	6,460
Total other financing sources	<u>84,385</u>	<u>-</u>	<u>3,427</u>	<u>-</u>	<u>-</u>	<u>87,812</u>
Net change in fund balances	112,993	78	4,562	(42,237)	(19,511)	55,885
Fund balances, beginning of year	<u>1,099</u>	<u>9,403</u>	<u>12,910</u>	<u>108,259</u>	<u>19,593</u>	<u>151,264</u>
Fund balances, end of year	<u>\$ 114,092</u>	<u>\$ 9,481</u>	<u>\$ 17,472</u>	<u>\$ 66,022</u>	<u>\$ 82</u>	<u>\$ 207,149</u>

**TRANSPORTATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Over/(Under)
Revenues:			
Restricted intergovernmental	\$ 442,127	\$ 207,683	\$ (234,444)
Miscellaneous	16,902	89,890	72,988
Total revenues	459,029	297,573	(161,456)
Expenditures:			
Human Services:			
Salaries and employee benefits	251,420	216,753	34,667
Other operating expenditures	81,816	52,212	29,604
Capital outlay	239,388	-	239,388
Total expenditures	572,624	268,965	303,659
Revenues over (under) expenditures	(113,595)	28,608	142,203
Other Financing Sources:			
Transfers from other funds:			
From General Fund	81,352	81,352	-
Proceeds from the sale of assets	3,400	3,033	(367)
Appropriated fund balance	28,843	-	(28,843)
Total other financing sources	113,595	84,385	(29,210)
Net change in fund balance	\$ -	112,993	\$ 112,993
Fund balance, beginning of year		1,099	
Fund balance, end of year		\$ 114,092	

FAIRGROUNDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Over/(Under)
Revenues:			
Service and fees	\$ 13,500	\$ 7,126	\$ (6,374)
Investment earnings	80	87	7
Miscellaneous	4,000	1,250	(2,750)
Total revenues	17,580	8,463	(9,117)
Expenditures:			
Economic and Physical Development:			
General expenditures	26,580	8,385	18,195
Revenues over (under) expenditures	(9,000)	78	9,078
Other Financing Sources:			
Appropriated fund balance	9,000	-	(9,000)
Net change in fund balance	\$ -	78	\$ 78
Fund balance, beginning of year		9,403	
Fund balance, end of year		\$ 9,481	

DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Over/(Under)
Revenues:			
Restricted Intergovernmental:			
Drug crime prevention revenues	\$ 2,500	\$ 2,031	\$ (469)
Investment earnings	90	112	22
Total revenues	2,590	2,143	(447)
Expenditures:			
Public Safety:			
Miscellaneous	13,490	1,008	12,482
Revenues over (under) expenditures	(10,900)	1,135	12,035
Other Financing Sources:			
Proceeds from the sale of assets	-	3,427	3,427
Appropriated fund balance	10,900	-	(10,900)
Total other financing sources	10,900	3,427	(7,473)
Net change in fund balance	\$ -	4,562	\$ 4,562
Fund balance, beginning of year		12,910	
Fund balance, end of year		\$ 17,472	

EMERGENCY TELEPHONE SYSTEM FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Revenues:			
Restricted intergovernmental	\$ 182,945	\$ 182,945	\$ -
Investment earnings	75	404	329
Total revenues	<u>183,020</u>	<u>183,349</u>	<u>329</u>
Expenditures:			
Public Safety:			
Implemental functions		46,010	
Telephone		40,272	
Software and software maintenance		66,056	
Hardware and hardware maintenance		72,583	
Other		665	
Total expenditures	<u>237,149</u>	<u>225,586</u>	<u>11,563</u>
Revenues under expenditures	<u>(54,129)</u>	<u>(42,237)</u>	<u>11,892</u>
Other Financing Sources:			
Appropriated fund balance	<u>54,129</u>	<u>-</u>	<u>(54,129)</u>
Net change in fund balance	<u>\$ -</u>	<u>(42,237)</u>	<u>\$ (42,237)</u>
Fund balance, beginning of year		<u>108,259</u>	
Fund balance, end of year		<u>\$ 66,022</u>	

**SOIL AND WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Over/(Under)
Revenues:			
Restricted intergovernmental:			
Co-op and farmland grant	\$ 3,600	\$ 3,600	\$ -
Investment earnings	308	309	1
Total revenues	3,908	3,909	1
 Expenditures:			
Environmental Protection:			
General expenditures	23,501	23,420	81
Revenues over (under) expenditures	(19,593)	(19,511)	82
 Other Financing Sources:			
Appropriated fund balance	19,593	-	(19,593)
Total other financing sources	19,593	-	(19,593)
Net change in fund balance	\$ -	(19,511)	\$ (19,511)
Fund balance, beginning of year		19,593	
Fund balance, end of year		\$ 82	

**NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2020**

	School Capital Project Fund	Outdoor Recreation Capital Project Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 330,542	\$ 108,064	\$ 438,606
	<u> </u>	<u> </u>	<u> </u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 6,106	\$ -	\$ 6,106
	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Restricted:			
Restricted for recreation	-	108,064	108,064
Assigned	324,436	-	324,436
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	324,436	108,064	432,500
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 330,542	\$ 108,064	\$ 438,606
	<u> </u>	<u> </u>	<u> </u>

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>School Capital Project Fund</u>	<u>Outdoor Recreation Capital Project Fund</u>	<u>Total</u>
Revenues:			
Investment earnings	\$ 2,997	\$ -	\$ 2,997
Expenditures:			
Operating expenditures	275	-	275
Capital outlay	558,851	35,839	594,690
Total expenditures	<u>559,126</u>	<u>35,839</u>	<u>594,965</u>
Revenues under expenditures	<u>(556,129)</u>	<u>(35,839)</u>	<u>(591,968)</u>
Other Financing Sources:			
Transfers from other funds	<u>653,344</u>	<u>-</u>	<u>653,344</u>
Net change in fund balances	97,215	(35,839)	61,376
Fund balances, beginning of year	<u>227,221</u>	<u>143,903</u>	<u>371,124</u>
Fund balances, end of year	<u>\$ 324,436</u>	<u>\$ 108,064</u>	<u>\$ 432,500</u>

**SCHOOL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Over/(Under)
Revenues:			
Investment earnings	\$ 1,300	\$ 2,997	\$ 1,697
Total revenues	1,300	2,997	1,697
Expenditures:			
Education:			
Other operating expenditures	300	275	25
Capital outlay	856,664	558,851	297,813
Total expenditures	856,964	559,126	297,838
Revenues under expenditures	(855,664)	(556,129)	299,535
Other Financing Sources:			
Transfers from other funds	653,345	653,344	(1)
Appropriated fund balance	202,319	-	(202,319)
Total other financing sources	855,664	653,344	(202,320)
Net change in fund balance	\$ -	97,215	\$ 97,215
Fund balance, beginning of year		227,221	
Fund balance, end of year		\$ 324,436	

OUTDOOR RECREATION CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Project to Date</u>	<u>Variance Over/(Under)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Expenditures:					
Capital outlay:					
Cultural and recreational	\$ 143,903	\$ -	\$ 35,839	\$ 35,839	\$ 108,064
Other Financing Sources:					
Appropriated fund balance	143,903	143,903	-	143,903	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 143,903</u>	<u>\$ (35,839)</u>	<u>\$ 108,064</u>	<u>\$ 108,064</u>



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PROPRIETARY FUNDS

LANDFILL FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Over/(Under)
Revenues:			
Operating revenues:			
Solid waste charges	\$ 1,059,740	\$ 1,074,605	\$ 14,865
Non-operating revenues:			
Restricted intergovernmental	4,000	-	(4,000)
Investment earnings	750	4,231	3,481
Total non-operating revenues	4,750	4,231	(519)
Total revenues	1,064,490	1,078,836	14,346
Expenditures:			
Landfill operations:			
Salaries and employee benefits	319,033	262,250	56,783
Disposal costs	599,286	596,486	2,800
Maintenance	20,938	19,171	1,767
Other operating expenditures	107,794	96,923	10,871
Capital outlay	164,706	-	164,706
Debt service:			
Principal	37,813	37,813	-
Interest	3,626	3,626	-
Total expenditures	1,253,196	1,016,269	236,927
Revenues over (under) expenditures	(188,706)	62,567	251,273
Other Financing Sources:			
Proceeds from sale of capital assets	-	24,533	24,533
Installment purchase obligations issued	188,706	-	(188,706)
Total other financing sources	188,706	24,533	(164,173)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 87,100	\$ 87,100

LANDFILL FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over expenditures		\$ 87,100	
Reconciling items:			
Depreciation		(19,900)	
Contributions to pension plan in current year		22,904	
Contributions to OPEB plan in the current year		11,505	
Increase in compensated absences		4,768	
Principal payment		37,813	
Decrease in accrued landfill post-closure care costs		14,465	
Pension expense		(44,725)	
OPEB benefit		<u>(17,263)</u>	
Change in net position		<u>\$ 96,667</u>	



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AGENCY FUNDS



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AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Social Services Trust Funds:				
Assets:				
Cash and cash equivalents	\$ 26,113	\$ 117,284	\$ 102,687	\$ 40,710
Liabilities:				
Accounts payable	\$ 26,113	\$ 117,284	\$ 102,687	\$ 40,710



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OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2020

<u>Fiscal Year</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Balance June 30, 2020</u>
2019-2020	\$ -	\$ 10,341,557	\$ 10,144,061	\$ 197,496
2018-2019	164,687	-	107,503	57,184
2017-2018	51,291	-	25,197	26,094
2016-2017	14,544	-	5,354	9,190
2015-2016	6,403	-	2,983	3,420
2014-2015	6,431	-	2,837	3,594
2013-2014	9,218	-	5,433	3,785
2012-2013	15,467	-	3,768	11,699
2011-2012	6,101	-	3,428	2,673
2010-2011	3,863	-	841	3,022
2009-2010	<u>2,957</u>	<u>-</u>	<u>2,957</u>	<u>-</u>
Total	<u>\$ 280,962</u>	<u>\$ 10,341,557</u>	<u>\$ 10,304,362</u>	318,157
Less: Allowance for uncollectible accounts - General Fund				<u>(94,000)</u>
Ad valorem taxes receivable, net - General Fund				<u>\$ 224,157</u>
Reconcilement with Revenues:				
Ad valorem taxes - General Fund				\$ 10,359,349
Reconciling items:				
Interest and penalties collected				(58,247)
Other adjustments				3,260
Taxes written off				<u>2,957</u>
				<u>(54,987)</u>
Total collections and credits				<u>\$ 10,304,362</u>

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 1,705,806,836	\$ 0.5970	\$ 10,177,955	\$ 9,423,682	\$ 754,273
Penalties	-		5,713	5,713	-
Total	<u>1,705,806,836</u>		<u>10,183,668</u>	<u>9,429,395</u>	<u>754,273</u>
Discoveries:					
Current year taxes	50,500,578	0.5970	301,488	301,488	-
Abatements	<u>(24,053,392)</u>	0.5970	<u>(143,599)</u>	<u>(143,599)</u>	<u>-</u>
Total property valuation	<u>\$ 1,732,254,022</u>				
Net Levy			10,341,557	9,587,284	754,273
Uncollected taxes at June 30, 2020			<u>197,496</u>	<u>197,496</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 10,144,061</u>	<u>\$ 9,389,788</u>	<u>\$ 754,273</u>
Current Levy Collection Percentage			<u>98.09%</u>	<u>97.94%</u>	<u>100.00%</u>



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COMPONENT UNIT TOURISM DEVELOPMENT AUTHORITY

TOURISM DEVELOPMENT AUTHORITY
 (A COMPONENT UNIT OF ALLEGHANY COUNTY, NORTH CAROLINA)

BALANCE SHEET
June 30, 2020

	<u>Tourism Development Authority</u>
Assets:	
Cash and investments	\$ <u>51,361</u>
 Fund Balance:	
Unassigned	<u>51,361</u>
Total fund balance	\$ <u>51,361</u>

TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF ALLEGHANY COUNTY, NORTH CAROLINA)

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Revenues:			
Occupancy tax	\$ 82,723	\$ 90,345	\$ 7,622
Investment earnings	125	210	85
Total revenues	<u>82,848</u>	<u>90,555</u>	<u>7,707</u>
Expenditures:			
Economic and Physical Development:			
Tourism development	<u>94,848</u>	<u>54,470</u>	<u>40,378</u>
Revenues over (under) expenditures	<u>(12,000)</u>	<u>36,085</u>	<u>48,085</u>
Other Financing Sources:			
Appropriated fund balance	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 36,085</u>	<u>\$ 36,085</u>



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COMPLIANCE SECTION

The compliance section contains other reporting required by *Government Auditing Standards*.



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**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***

Independent Auditors' Report

To the Board of County Commissioners
Alleghany County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alleghany County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Alleghany County's basic financial statements, and have issued our report thereon dated April 13, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, as described in the accompanying schedule of findings and questioned costs, we identified item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Alleghany County's Responses to Findings

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

Purpose of this Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
April 13, 2021



**Report On Compliance For Each Major Federal Program; Report
On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance
And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Alleghany County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the County of Alleghany, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Alleghany County's major federal programs for the year ended June 30, 2020. Alleghany County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alleghany County'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) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act 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 Alleghany County'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 Alleghany County's compliance.

Opinion on Each Major Federal Program

In our opinion, Alleghany County 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 Alleghany County 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 Alleghany County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Alleghany County'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 significant deficiencies or material weaknesses. 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.

David Killian CPA Group, P.A.

Asheville, North Carolina
April 13, 2021



**Report On Compliance For Each Major State Program; Report
On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance
And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Alleghany County, North Carolina

Report on Compliance for Each Major State Program

We have audited the County of Alleghany, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Alleghany County's major state programs for the year ended June 30, 2020. Alleghany County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alleghany County's major state 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 applicable sections of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act 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 state program occurred. An audit includes examining, on a test basis, evidence about Alleghany County'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 state program. However, our audit does not provide a legal determination of Alleghany County's compliance.

Opinion on Each Major State Program

In our opinion, Alleghany County 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 state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Alleghany County 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 Alleghany County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state 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 Alleghany County'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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 significant deficiencies or material weaknesses. 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.

David Killian CPA Group, P.A.

Asheville, North Carolina
April 13, 2021

ALLEGHANY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	None reported
Noncompliance material to financial statements noted	No

Federal Awards

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

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA #</u>
Medical Assistance Program (Title XIX - Medicaid)	93.778
Coronavirus Relief Fund	21.019
Foster Care Title IV-E	93.658
Adoption Assistance	93.659

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

ALLEGHANY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?

No

Identification of major state programs:

Program Name

Medical Assistance Program
Public School Building Capital Fund - Lottery Proceeds
Rural Operating Assistance Program (ROAP)

ALLEGHANY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

II. Financial Statement Findings

Finding: 2020-001 Significant Audit Adjustments
MATERIAL WEAKNESS

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Significant audit adjustments, including a prior period adjustment, were required to fairly state the financial statements at June 30, 2020. A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgement, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: Errors could occur in financial reporting, causing users of the financial statements to rely on inaccurate information for decision making.

Cause: The auditors assisted management in making several year-end closing adjustments, some of which were material to the financial statements. Most of these adjustments were necessary to correct the balances of accrual accounts on the balance sheet due to differences due to year-end cut-off issues.

This is a repeat of finding 2019-004. However, we commend management's efforts and noted significant progress during the current year to correct this finding.

Recommendation: We recommend that management perform a detailed review of capital assets during year-end close procedures that is reconciled to the amounts reported in the annual financial statements, to prevent material errors from going undetected or duplicated. Other balance sheet accounts such as prepaid taxes, sales tax receivables, receivable allowances, payroll liabilities, and other accrued expenses should be analyzed and adjusted periodically, at least annually during year-end close procedures.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Please refer to the corrective action plan on page 111.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

ALLEGHANY COUNTY FINANCE OFFICE

April L. Hamm, Finance Officer and Human Resource Officer

Sidney Moxley, Assistant Finance Officer

Brittani Angel, Payroll and Accounting Specialist



Post Office Box 366
348 South Main Street, LL70
Sparta, NC 28675
(336) 372-2826-voice
(336) 372-6242-fax

CORRECTIVE ACTION PLAN

For the year ended June 30, 2020

Finding 2020-001

Material Audit Adjustments

Name of contact person: April L. Hamm, Finance Officer

Corrective action/management's response: Management will review the rollforward analysis of capital assets during year-end closure and verify completeness and accuracy of capital assets and related depreciation and ensure they are reconciled to the financial statements. All balance sheet accounts will be analyzed and adjusted as needed.

Proposed completion date: September 2021

ALLEGHANY COUNTY FINANCE OFFICE

April L. Hamm, Finance Officer and Human Resource Officer

Sidney Moxley, Assistant Finance Officer

Brittani Angel, Payroll and Accounting Specialist



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SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS

For the year ended June 30, 2020

Finding 2019-001

Condition: Transportation Fund – Fund balance appropriated exceeded available balance.

Current Status: This finding has been resolved.

Finding 2019-002

Condition: Excess expenses of appropriations not being in compliance with budgetary controls

Current Status: This finding has been resolved.

Finding 2019-003

Condition: Installment finance contract was not entered into by County in accordance with state law and with no approval from government body nor required pre-audit certificate.

Current Status: This finding has been resolved.

Finding 2019-004

Condition: Material Audit Adjustments

Current Status: The finding has been repeated as a material weakness as current year finding 2020-001.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-Through N.C. Department of Health & Human Services:					
<u>Division of Social Services:</u>					
Administration:					
<u>Supplemental Nutrition Assistance Program (SNAP) Cluster</u>					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	195NC406S2514	\$ 123,744	\$ (90)	\$ -
Total SNAP Cluster			123,744	(90)	-
Total U.S. Department of Agriculture			123,744	(90)	-
<u>U.S. Department of Justice</u>					
Passed-Through N.C. Department of Public Safety					
Governor's Crime Commission-Violence Against Women	16.588	2020-WF-AX-0021	131,835	65,908	-
Total U.S. Department of Justice			131,835	65,908	-
<u>U.S. Department of Transportation Federal Transit Administration (FTA)</u>					
Passed-Through N.C. Department of Transportation					
<u>Formula Grants for Rural Areas</u>					
Administration	20.509	36233.4.19.1	107,895	6,744	-
Capital	20.509	36233.4.19.3	41,243	5,156	-
			149,138	11,900	-
<u>Transit Services Program Cluster:</u>					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.13.8.2	4,676	-	-
Total Transit Services Cluster			4,676	-	-
Total U.S. Department of Transportation Federal Transit Administration (FTA)			153,814	11,900	-
<u>U.S. Department of Treasury</u>					
Coronavirus Relief Fund	21.019		255,131	-	-
Total U.S. Department of Transportation Federal Transit Administration (FTA)			255,131	-	-
<u>U.S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-Through the N.C. Department of Health and Human Services:					
<u>Division of Social Services:</u>					
Permanency Planning					
Temporary Assistance for Needy Families Cluster:	93.645	2001NCPERP	(2,128)	-	-
Temporary Assistance for Needy Families - Administration	93.558	2001NCTANF	16,024	-	-
Temporary Assistance for Needy Families - Work First Service	93.558	2001NCTANF	80,970	-	-
Temporary Assistance for Needy Families - Foster Care	93.558		10,031	-	-
Temporary Assistance for Needy Families - Payments & Penalties	93.558	2001NCTANF	-	3	-
Total TANF Cluster			107,025	3	-
Child Support Enforcement	93.563	2004NC4005	109,584	0	-
Low-Income Home Energy Assistance:					
Administration	93.568	G20B1NCLIEA	67,750	-	-
Crisis Intervention Program	93.568	G20B1NCLIEA	53,689	-	-
			121,439	-	-
<u>Foster Care Title IV-E and Adoption Cluster (Note 3):</u>					
Foster Care Title IV-E- Administration	93.658	19021NCFOST	174,907	5,779	-
Foster Care Title IV-E - Direct Benefit Payments	93.658	19021NCFOST	345,896	99,200	-
Adoption Assistance	93.659	1901NCADPT	4,206	-	-
Total Foster Care and Adoption Cluster			525,009	104,979	-
Social Services Block Grant	93.667	G1901NCSOSR	57,355	-	-
Refugee Assistance Payment	93.566		1,631	-	-
CPS TANF to SSBG	93.667	G1901NCSOSR	41,662	-	-
Promoting Safe and Stable Families	93.556	1901NCFPSS	16,283	-	-
Division of Child Development					
Subsidized Child Care (Note 3)					
<u>Child Care Development Fund Cluster:</u>					
<u>Division of Social Services:</u>					
CCDF- Administration					
Total Child Care Development Fund Cluster	93.596	G1901NCCCDF	80,147	-	-
			80,147	-	-
<u>U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services</u>					
Passed-Through the N.C. Department of Health and Human Services:					
<u>Medicaid Cluster:</u>					
<u>Division of Medical Assistance:</u>					
Administration:					
Medical Assistance Program	93.778	XIX-MAP19	390,843	898	-
Total Medicaid Cluster			390,843	898	-

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>
<u>Division of Social Services:</u>					
Children's Health Insurance Program	93.767	CHIP19	13,296	129	-
Total U.S. Department of Health and Human Services			1,462,146	106,009	-
<u>U.S. Department of Homeland Security</u>					
Passed-Through N.C. Department of Crime Control and Public Safety					
Emergency Management Performance Grants	97.042	EMPG	19,452	19,452	-
Emergency Management Security Grants	97.067	2018-SS-00053-1849-2	61,498	347	-
Disaster Grant	97.036		8,171	-	-
Total Department of Homeland Security			89,121	19,799	-
Total Federal Awards			2,215,791	203,526	-
State Awards:					
<u>U.S. Election Assistance Commission</u>					
<u>Division of Veterans Affairs</u>					
County Veterans Service Program		Veterans 2020	-	2,216	-
Total U.S. Election Assistance Commission			-	2,216	-
<u>N.C. Department of Health and Human Services</u>					
Administration:					
Child Welfare/CPS/CS		Child 2020	-	66,078	-
<u>Direct Benefit Payments:</u>					
State Foster Home		Foster Home 2020	-	88,122	-
Total N.C. Department of Health and Human Services			-	154,200	-
<u>Division of Water Resources</u>					
Bio-Retention Project - Storm Water Drain		Drain 2020	-	3,000	-
<u>Division of Soil and Water Conservation:</u>					
Soil and Water		Soil/Water 2020	-	3,600	-
S & W Conservation-Wetland Cost Share		Soil/Water Tech 2020	-	24,938	-
Total N.C. Department of Environmental Quality			-	31,538	-
<u>N.C. Department of Transportation</u>					
<u>Rural Operating Assistance Program (ROAP) Cluster:</u>					
ROAP - Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	59,468	-
ROAP - Rural General Public Program		DOT-16CL	-	56,012	-
ROAP Work First Transitional - Employment		DOT-16CL	-	5,520	-
Total ROAP Cluster			-	121,000	-
Total N.C. Department of Transportation			-	121,000	-
<u>N.C. Department of Public Safety</u>					
Juvenile Crime Prevention Programs		JCPC 2020	-	67,548	67,548
Local Emergency Planning Committee Grant		LCPC 2020	-	413	-
Total N.C. Department of Public Safety			-	67,961	67,548
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		Lottery 2020	-	122,401	122,401
Total N.C. Department of Public Instruction			-	122,401	122,401
Total State awards			-	499,316	189,949
Total Federal and State Awards			\$ 2,215,791	\$ 702,842	\$ 189,949

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1: Basis of Presentation

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

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Alleghany County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

- Subsidized Child Care and Foster Care Adoption

Note 4: Coronavirus Relief Funds

Alleghany County received \$431,000 of funding from the Coronavirus Relief Fund (21.019) and \$175,869 is deferred until 2021. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Alleghany County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 31, 2021.



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