

**ALLEGHANY COUNTY, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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# ALLEGHANY COUNTY, NORTH CAROLINA

## TABLE OF CONTENTS

### INTRODUCTORY SECTION

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

### FINANCIAL SECTION

	<u>Page</u>
Independent Auditors' Report	2-5
Management's Discussion and Analysis	6-14

<b>Basic Financial Statements:</b>		<u>Exhibit</u>	<u>Page</u>
Government-wide Financial Statements:			
Statement of Net Position	1		15
Statement of Activities	2		16
Fund Financial Statements:			
Balance Sheet - Governmental Funds	3		17
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	4		18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	5		19
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	6		20
Statement of Net Position - Proprietary Fund	7		21
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	8		22
Statement of Cash Flows - Proprietary Fund	9		23
Statement of Fiduciary Net Position - Fiduciary Funds	10		24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11		25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund	12		26
Notes to Financial Statements			27-73

<b>Required Supplementary Information:</b>		<u>Exhibit</u>	<u>Page</u>
Local Governmental Employees' Retirement System -			
Schedule of County's Proportionate Share of Net Pension Liability (Asset)	A-1		74
Schedule of Employer Contributions	A-2		75
Law Enforcement Officers' Special Separation Allowance -			
Schedule of Changes in Total Pension Liability and Related Ratios	A-3		76
Registers of Deeds' Supplemental Pension Fund -			
Schedule of County's Proportionate Share of Net Pension Liability (Asset)	A-4		77
Schedule of Employer Contributions	A-5		78
Other Post-Employment Benefits			
Schedule of Changes in Total OPEB Liability and Related Ratios	A-6		79

<b>Supplementary Information:</b>		<u>Exhibit</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Consolidated	B-1		80
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual:			
General Fund	B-2		81-83
Revaluation Fund	B-3		84
Register of Deeds Automation and Preservation Fund	B-4		85
County Buildings Capital Projects Fund - Major	B-5		76
State Capital and Infrastructure Fund Courthouse Fund - Major	B-6		87
Combining Balance Sheet - Nonmajor Governmental Funds	C-1		88
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	C-2		89
Combining Balance Sheet - Nonmajor Special Revenue Funds	C-3		90
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Special Revenue Funds	C-4		91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual			
Transportation Fund	C-5		92
Fairgrounds Fund	C-6		93
Drug Fund	C-7		94
Emergency Telephone System Fund	C-8		95
Soil and Water Fund	C-9		96
Representative Payee Fund	C-10		97
Earthquake Fund	C-11		98
Deed of Trust Fund	C-12		99

# ALLEGHANY COUNTY, NORTH CAROLINA

## TABLE OF CONTENTS (Continued)

### FINANCIAL SECTION (Continued)

Supplementary Information: (Continued)	<u>Exhibit</u>	<u>Page</u>
Fire Tax Fund	C-13	100
Fine and Forfeitures Fund	C-14	101
Opioid Settlement Fund	C-15	102
DPS Law Enforcement Grant Fund	C-16	103
ARPA Fund	C-17	104
Combining Balance Sheet - Nonmajor Capital Projects Funds	C-18	105
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Capital Project Funds	C-19	106
School Capital Project Fund	C-20	107
Outdoor Recreation Capital Project Fund	C-21	108
State Capital and Infrastructure Fund Capital Project Fund	C-22	109
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Landfill Fund	D-1	110
Combining Statement of Fiduciary Net Position - Fiduciary Funds	E-1	111
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	E-2	112
Schedule of Ad Valorem Taxes Receivable - General Fund	F-1	113
Analysis of Current Tax Levy - County-wide Levy	F-2	114
Balance Sheet - Tourism Development Authority	G-1	115
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Tourism Development Authority	G-2	116

### COMPLIANCE SECTION

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	117-118
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act	119-121
Independent Auditors' Report on Compliance for Each Major State Program and on Internal Control over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act	122-124
Schedule of Expenditures of Federal and State Awards	125-127
Schedule of Findings and Questioned Costs	128-130
Corrective Action Plan	131
Summary Schedule of Prior Year Audit Findings	132

**ALLEGHANY COUNTY, NORTH CAROLINA**

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**BOARD OF COUNTY COMMISSIONERS as of JUNE 30, 2023**

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Mechelle Luffman, Vice Chair	Bobby Irwin, Chairman	Timothy J. Evans
John U. Irwin, Jr.		Greg Walker

**BOARD OF COUNTY COMMISSIONERS as of NOVEMBER 17, 2023**

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Mechelle Luffman, Vice Chair	Bobby Irwin, Chairman	Timothy J. Evans
John U. Irwin, Jr.		Greg Walker

**OTHER OFFICIALS**

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County Manager.....	Michael Carter
Finance Officer .....	April Hamm



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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**Independent Auditors' Report**

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**The Board of Commissioners  
Alleghany County  
Sparta, North Carolina**

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alleghany County, North Carolina, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, 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, 2023, 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.

***Basis for Opinions***

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

## ***Responsibilities of Management for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 the 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 consist 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alleghany County, North Carolina's basic financial statements. The accompanying supplementary information and schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the supplementary information 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 Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, on our consideration of Alleghany County, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alleghany County, North Carolina'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, North Carolina's internal control over financial reporting and compliance.

*Robinson, Famer, Cox Associates*

Blacksburg, Virginia  
November 17, 2023



## **ALLEGHANY COUNTY, NORTH CAROLINA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

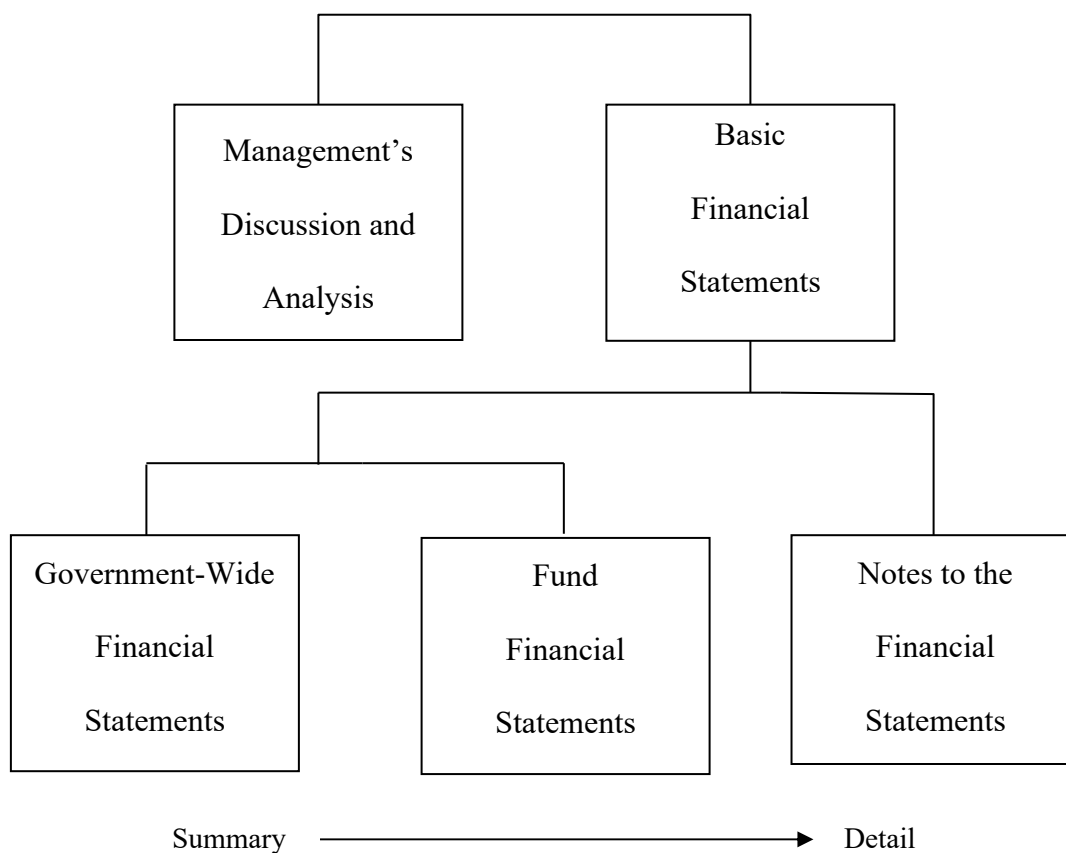
As management of Alleghany County, we offer readers of Alleghany County's financial statements this narrative overview and analysis of the financial activities of Alleghany County for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with 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 \$19,089,074 (*net position*).
- As of the close of the current fiscal year, Alleghany County's governmental funds reported combined ending fund balances of \$15,034,487. Approximately 13% of this total amount, or \$1,899,272, is restricted as to how it can be spent. Approximately 14% of the total ending governmental fund balance, or \$2,095,167, 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 \$11,509,095, or 63%, 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 three fiduciary funds. The Jail Inmate Fund, Town of Sparta Tax Fund, and the Library fund are all considered custodial funds. The Jail Inmate Fund is the balance held by inmates in the County jail. The Town fund manages the billing and collection of Town taxes. The Library fund is a balance held for the use of the Library Board.

**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**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Assets:</b>						
Current and other assets	\$ 19,088,166	\$ 14,303,310	\$ 713,171	\$ 458,519	\$ 19,801,337	\$ 14,761,829
Capital assets, net	<u>19,214,247</u>	<u>19,702,134</u>	<u>493,119</u>	<u>596,501</u>	<u>19,707,366</u>	<u>20,298,635</u>
Total assets	<u>38,302,413</u>	<u>34,005,444</u>	<u>1,206,290</u>	<u>1,055,020</u>	<u>39,508,703</u>	<u>35,060,464</u>
<b>Deferred Outflows of Resources</b>	<u>4,916,217</u>	<u>3,915,408</u>	<u>122,377</u>	<u>96,425</u>	<u>5,038,594</u>	<u>4,011,833</u>
<b>Liabilities:</b>						
Current liabilities	4,552,854	3,989,521	241,116	111,717	4,793,970	4,101,238
Other liabilities	<u>16,675,184</u>	<u>16,681,341</u>	<u>406,037</u>	<u>390,798</u>	<u>17,081,221</u>	<u>17,072,139</u>
Total liabilities	<u>21,228,038</u>	<u>20,670,862</u>	<u>647,153</u>	<u>502,515</u>	<u>21,875,191</u>	<u>21,173,377</u>
<b>Deferred Inflows of Resources</b>	<u>3,496,570</u>	<u>3,263,089</u>	<u>86,462</u>	<u>82,270</u>	<u>3,583,032</u>	<u>3,345,359</u>
<b>Net Position:</b>						
Net investment in capital assets	16,166,515	16,011,249	449,164	515,678	16,615,679	16,526,927
Restricted	1,919,237	1,912,477	-	-	1,919,237	1,912,477
Unrestricted (deficit)	<u>408,270</u>	<u>(3,936,825)</u>	<u>145,888</u>	<u>50,982</u>	<u>554,158</u>	<u>(3,885,843)</u>
Total net position (deficit)	<u>\$ 18,494,022</u>	<u>\$ 13,986,901</u>	<u>\$ 595,052</u>	<u>\$ 566,660</u>	<u>\$ 19,089,074</u>	<u>\$ 14,553,561</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 \$19,089,074 as of June 30, 2023. The County's net position increased by \$4,535,513 for the fiscal year ended June 30, 2023. The largest portion of net position, \$16,615,679, 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 98.15%
- 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	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,700,515	\$ 1,455,622	\$ 1,282,406	\$ 1,207,089	\$ 2,982,921	\$ 2,662,711
Operating grants and contributions	4,607,270	4,333,897	375	30,000	4,607,645	4,363,897
Capital grants and contributions	127,830	232,915	2,000	-	129,830	232,915
General revenues:						
Property taxes	12,983,375	12,597,674	-	-	12,983,375	12,597,674
Other taxes	4,492,495	3,887,497	-	-	4,492,495	3,887,497
Grants and contributions not restricted to specific programs	71,716	65,736	-	-	71,716	65,736
Investment earnings, unrestricted	94,837	1,837	-	-	94,837	1,837
Miscellaneous	145,656	132,351	-	-	145,656	132,351
Total revenues	<u>24,223,694</u>	<u>22,707,529</u>	<u>1,284,781</u>	<u>1,237,089</u>	<u>25,508,475</u>	<u>23,944,618</u>
<b>Expenses:</b>						
General government	4,798,860	5,546,843	-	-	4,798,860	5,546,843
Public safety	6,695,971	5,853,935	-	-	6,695,971	5,853,935
Economic and physical development	364,128	540,838	-	-	364,128	540,838
Environmental protection	333	1,164	-	-	333	1,164
Human services	3,863,554	3,778,460	-	-	3,863,554	3,778,460
Cultural and recreation	381,127	431,725	-	-	381,127	431,725
Education	3,558,810	3,205,339	-	-	3,558,810	3,205,339
Interest on long-term debt	53,790	69,667	-	-	53,790	69,667
Solid waste	-	-	1,256,389	770,386	1,256,389	770,386
Total expenses	<u>19,716,573</u>	<u>19,427,971</u>	<u>1,256,389</u>	<u>770,386</u>	<u>20,972,962</u>	<u>20,198,357</u>
Change in net position before transfers	4,507,121	3,279,558	28,392	466,703	4,535,513	3,746,261
Transfers in (out)	-	(70,288)	-	70,288	-	-
Change in net position	<u>4,507,121</u>	<u>3,209,270</u>	<u>28,392</u>	<u>536,991</u>	<u>4,535,513</u>	<u>3,746,261</u>
<b>Net Position (Deficit):</b>						
Beginning of year	13,986,901	10,780,300	566,660	29,669	14,553,561	10,809,969
Restatement	-	(2,669)	-	-	-	(2,669)
Beginning of year	<u>13,986,901</u>	<u>10,777,631</u>	<u>566,660</u>	<u>29,669</u>	<u>14,553,561</u>	<u>10,807,300</u>
End of year	<u>\$ 18,494,022</u>	<u>\$ 13,986,901</u>	<u>\$ 595,052</u>	<u>\$ 566,660</u>	<u>\$ 19,089,074</u>	<u>\$ 14,553,561</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$4,507,121. Key elements of this increase are as follows:

- Overall revenues increased by \$1,516,165. The increase in revenue combined with a \$288,602 increase in expenses, generated the current year increase in net position. Property tax revenues increased approximately \$385,701 due the completion of a revaluation the previous year. The tax rate was not adjusted due to an upward trend in property values, as a result of the popularity of rural areas and real estate sales dramatically increasing. The County's largest expenses are for general government (24%) and public safety (34%.) The largest increases were in public safety (\$842,036 or 13%) due to increased salaries, fringes, and equipment purchases.

**Business-Type Activities.** Business-type activities increased Alleghany County's net position by \$29,669. Key elements of this increase are as follow:

- Reduction in disposal and hauling costs as a result of recent bid award.
- Reduction in employee benefit costs as a result of decrease in net pension liabilities.
- Realized better collections through the Tax Office regarding the household solid waste fees.
- Payoff of Scale House loan and increased grant opportunities for facility improvements

### 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 \$11,509,095 while total fund balance was \$12,939,320. 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 63% of net General Fund expenditures and transfers to other funds, while total fund balance represents 71% of that same amount.

At June 30, 2023, the governmental funds of Alleghany County reported a combined fund balance of \$15,043,487, an increase of \$4,131,121 over last year. The General Fund and other Governmental Funds experienced an overall increase in fund balance.

**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 \$595,052.

### Capital Asset and Debt Administration

**Capital Assets.** Alleghany County's capital assets for its governmental and business-type activities as of June 30, 2023 totaled \$19,707,366 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Start of construction of courthouse improvements.
- Purchase of vehicles for public safety, transfer facility, and transportation.
- Completion of construction of a new dispatch center located in the Administrative Building with new communication tower also
- Donation of vacant lots (structures removed) from earthquake relocations and rebuilding
- Repairs to County facilities continue from earthquake damage

**Alleghany County's Capital Assets**  
**Figure 4**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Land	\$ 589,739	\$ 589,739	\$ 110,183	\$ 110,183	\$ 699,922	\$ 699,922
Buildings	23,816,290	23,858,489	342,698	342,698	24,158,988	24,201,187
Improvements	7,889,585	7,559,259	115,343	115,343	8,004,928	7,674,602
Machinery and equipment	5,759,083	5,567,821	679,836	679,836	6,438,919	6,247,657
Construction in progress	656,694	217,947	-	-	656,694	217,947
Leases	<u>321,129</u>	<u>321,129</u>	<u>116,962</u>	<u>116,962</u>	<u>438,091</u>	<u>438,091</u>
Total	39,032,520	38,114,384	1,365,022	1,365,022	40,397,542	39,479,406
Less: accumulated depreciation/amortization	<u>(19,818,273)</u>	<u>(18,412,250)</u>	<u>(871,903)</u>	<u>(768,521)</u>	<u>(20,690,176)</u>	<u>(19,180,771)</u>
Capital assets, net	<u><u>\$ 19,214,247</u></u>	<u><u>\$ 19,702,134</u></u>	<u><u>\$ 493,119</u></u>	<u><u>\$ 596,501</u></u>	<u><u>\$ 19,707,366</u></u>	<u><u>\$ 20,298,635</u></u>

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**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Installment purchase notes	<u><u>\$ 2,598,412</u></u>	<u><u>\$ 3,412,927</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,598,412</u></u>	<u><u>\$ 3,412,927</u></u>



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 \$142,000,000.

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, 2024**

**Government Activities.** The County adopted FY23/24 budget including the following highlights:

- Continued budgeting \$50,000 in escrow account for future revaluation expenses
- Maintained an unassigned fund balance line of \$200,000 to assist in continued building of fund balance
- Transportation fund continues to be self-supporting
- Will continue to repair County buildings from earthquake damage
- Eliminated \$100,000 yearly pledge to Alleghany Memorial Hospital from budget with use of ARPA Funds
- Increasing the County TDA Administrative Fee from 2% to 3%
- Contracted with a third party for billing of EMS charges
- Restructured EMS shifts for recruitment and retention of paramedics
- No increase in employee insurance premium while maintaining current benefits.
- No increase in fees for County services.

The overall 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 rate for the Fire District Tax will stay the same at the following rates:

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

**Business-Type Activity.** The Alleghany County Transfer Facility adopted FY23/24 budget including the following highlights:

- Maintaining a budgeted line of \$50,000 for continued improvements for the facility
- Budgeted \$50,000 in other improvements for the facility
- Continued a solid waste fee for permanent site campers
- Lowered disposal and transportation cost for solid waste with the most recent bid award
- Planned improvements with SCIF funding of \$100,000 plus

### **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.

Alleghany County, North Carolina  
Statement of Net Position  
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 17,035,979	\$ 634,560	\$ 17,670,539	\$ 312,419
Receivables (net of allowance for uncollectibles):				
Taxes receivable	282,556	-	282,556	-
Accounts receivable	367,002	78,611	445,613	18,037
Due from other governmental units	1,261,948	-	1,261,948	-
Restricted assets:				
Cash and cash equivalents	120,716	-	120,716	-
Net pension asset	19,965	-	19,965	-
Capital assets (net of accumulated depreciation):				
Land	589,739	110,183	699,922	-
Buildings	13,206,713	109,923	13,316,636	-
Improvements	3,436,895	47,467	3,484,362	-
Equipment and vehicles	1,094,756	182,279	1,277,035	-
Construction in progress	656,694	-	656,694	-
Right to use assets, net of amortization	229,450	43,267	272,717	-
Total assets	\$ 38,302,413	\$ 1,206,290	\$ 39,508,703	\$ 330,456
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 2,638,357	\$ 62,532	\$ 2,700,889	\$ -
OPEB related items	2,277,860	59,845	2,337,705	-
Total deferred outflows of resources	\$ 4,916,217	\$ 122,377	\$ 5,038,594	\$ -
<b>LIABILITIES</b>				
Accounts payable	\$ 424,905	\$ 185,547	\$ 610,452	\$ 6,219
Accrued salaries	291,262	2,631	293,893	-
Accounts payable - construction	192,025	-	192,025	-
Retainage payable	23,380	-	23,380	-
Accrued interest payable	28,400	-	28,400	-
Unearned grant revenue	2,617,010	-	2,617,010	-
Long-term liabilities:				
Due within one year	975,872	52,938	1,028,810	-
Due in more than one year	16,675,184	406,037	17,081,221	-
Total liabilities	\$ 21,228,038	\$ 647,153	\$ 21,875,191	\$ 6,219
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - prepaid taxes	\$ 72,984	\$ -	\$ 72,984	\$ -
Pension related items	237,215	2,748	239,963	-
OPEB related items	3,186,371	83,714	3,270,085	-
Total deferred inflows of resources	\$ 3,496,570	\$ 86,462	\$ 3,583,032	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 16,166,515	\$ 449,164	\$ 16,615,679	\$ -
Restricted:				
Stabilization by State Statute	1,499,358	-	1,499,358	-
Emergency Telephone System	196,380	-	196,380	-
Forfeited Drug Funds	27,381	-	27,381	-
Recreation	98,364	-	98,364	-
Register of Deeds	77,789	-	77,789	-
Future pension costs of Register of Deeds	19,965	-	19,965	-
Unrestricted (deficit)	408,270	145,888	554,158	324,237
Total net position	\$ 18,494,022	\$ 595,052	\$ 19,089,074	\$ 324,237

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

Alleghany County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating		Primary Government		Component Unit	
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 4,798,860	\$ 204,495	\$ 1,176,471	\$ 36,594	\$ (3,381,300)	\$ -	\$ (3,381,300)	\$ -
Public safety	6,695,971	1,363,634	1,270,619	-	(4,061,718)	-	(4,061,718)	-
Economic and physical development	364,128	10,010	-	-	(354,118)	-	(354,118)	-
Environmental protection	333	-	25,214	-	24,881	-	24,881	-
Human services	3,863,554	106,582	2,134,966	20,147	(1,601,859)	-	(1,601,859)	-
Cultural and recreational	381,127	15,794	-	-	(365,333)	-	(365,333)	-
Education	3,558,810	-	-	71,089	(3,487,721)	-	(3,487,721)	-
Interest on long-term debt	53,790	-	-	-	(53,790)	-	(53,790)	-
Total governmental activities	\$ 19,716,573	\$ 1,700,515	\$ 4,607,270	\$ 127,830	\$ (13,280,958)	\$ -	\$ (13,280,958)	\$ -
Business-type activities:								
Landfill	\$ 1,256,389	\$ 1,282,406	\$ 375	\$ 2,000	\$ -	\$ 28,392	\$ 28,392	\$ -
Total primary government	\$ 20,972,962	\$ 2,982,921	\$ 4,607,645	\$ 129,830	\$ (13,280,958)	\$ 28,392	\$ (13,252,566)	\$ -
<b>COMPONENT UNIT:</b>								
Tourism Development Authority	\$ 134,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(134,362)
Total component unit	\$ 134,362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(134,362)
General revenues:								
Taxes:								
Ad valorem taxes	\$ 12,983,375	\$ -	\$ -	\$ -	\$ 12,983,375	\$ -	\$ 12,983,375	\$ -
Local option sales tax	4,161,780	-	-	-	4,161,780	-	4,161,780	-
Other taxes and licenses	330,715	-	-	-	330,715	-	330,715	-
Unrestricted revenues from use of money and property	94,837	-	-	-	94,837	-	94,837	-
Miscellaneous	145,656	-	-	-	145,656	-	145,656	-
Grants and contributions not restricted to specific programs	71,716	-	-	-	71,716	-	71,716	216,834
Total general revenues	\$ 17,788,079	\$ -	\$ -	\$ 17,788,079	\$ 17,788,079	\$ -	\$ 17,788,079	\$ 216,834
Change in net position	\$ 4,507,121	\$ 28,392	\$ 4,535,513	\$ 82,472	\$ 4,507,121	\$ 28,392	\$ 4,535,513	\$ 82,472
Net position - beginning, as restated	13,986,901	566,660	14,553,561	241,765	13,986,901	566,660	14,553,561	241,765
Net position - ending	\$ 18,494,022	\$ 595,052	\$ 19,089,074	\$ 324,237	\$ 18,494,022	\$ 595,052	\$ 19,089,074	\$ 324,237

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

Alleghany County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2023

	Major				
	General	State Capital and Infrastructure Fund Pool	State Capital and Infrastructure Fund Courthouse	Other Governmental Funds	Total
	Fund	Fund	Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,239,840	\$ 400,000	\$ 1,968,200	\$ 2,427,939	\$ 17,035,979
Receivables (net of allowance for uncollectibles):					
Taxes receivable	256,017	-	-	26,539	282,556
Accounts receivable	211,547	-	-	155,455	367,002
Due from other governmental units	1,261,948	-	-	-	1,261,948
Restricted assets:					
Cash and cash equivalents	93,335	-	-	27,381	120,716
Total assets	\$ 14,062,687	\$ 400,000	\$ 1,968,200	\$ 2,637,314	\$ 19,068,201
<b>LIABILITIES</b>					
Accounts payable	\$ 120,157	\$ -	\$ -	\$ 304,748	\$ 424,905
Accrued liabilities	288,189	-	-	3,073	291,262
Accounts payable - construction	176,035	15,990	-	-	192,025
Retainage payable	23,380	-	-	-	23,380
Unearned revenue	50,000	384,010	1,968,200	214,800	2,617,010
Total liabilities	\$ 657,761	\$ 400,000	\$ 1,968,200	\$ 522,621	\$ 3,548,582
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - prepaid taxes	\$ 72,984	\$ -	\$ -	\$ -	\$ 72,984
Unavailable revenue - ad valorem taxes receivable	256,017	-	-	19,526	275,543
Unavailable revenue - EMS receivable	136,605	-	-	-	136,605
Total deferred inflows of resources	\$ 465,606	\$ -	\$ -	\$ 19,526	\$ 485,132
<b>FUND BALANCES</b>					
Restricted:					
Stabilization by State Statute	\$ 1,336,890	\$ -	\$ -	\$ 162,468	\$ 1,499,358
Emergency Telephone System	-	-	-	196,380	196,380
Other	77,789	-	-	27,381	105,170
Recreation	-	-	-	98,364	98,364
Committed	15,546	-	-	-	15,546
Assigned	-	-	-	1,653,980	1,653,980
Unassigned	11,509,095	-	-	(43,406)	11,465,689
Total fund balances	\$ 12,939,320	\$ -	\$ -	\$ 2,095,167	\$ 15,034,487
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,062,687	\$ 400,000	\$ 1,968,200	\$ 2,637,314	\$ 19,068,201

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

Alleghany County, North Carolina  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
June 30, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	15,034,487
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$	589,739	
Buildings		13,206,713	
Improvements		3,436,895	
Equipment and vehicles		1,094,756	
Right to use leased asset - building		229,450	
Construction in progress		656,694	19,214,247

The net pension asset (ROD) is not an available resource and therefore, is not reported in the funds.		19,965
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue - ad valorem taxes	\$	275,543	
Unavailable revenue - EMS		136,605	412,148

Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.

Pension related items	\$	2,638,357	
OPEB related items		2,277,860	4,916,217

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

Note payable	\$	(2,598,412)	
Lease payable		(233,915)	
Accrued interest payable		(28,400)	
Net OPEB liability		(10,147,581)	
Compensated absences		(412,872)	
Net pension liability - LGERS		(3,651,993)	
Total pension liability - LEOSSA		(606,283)	(17,679,456)

Deferred inflows of resources are not due and payable for current period and, therefore, are not reported in the funds.

Pension related items	\$	(237,215)	
OPEB related items		(3,186,371)	(3,423,586)

Net position of governmental activities	\$	18,494,022
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The notes to the financial statements are an integral part of this statement.

Alleghany County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2023

	Major				
	General	State Capital and Infrastructure Fund	State Capital and Infrastructure Fund	Other Governmental	Total
	Fund	Pool Fund	Courthouse Fund	Funds	
<b>REVENUES</b>					
Ad valorem taxes	\$ 12,061,123	\$ -	\$ -	\$ 903,902	\$ 12,965,025
Other taxes	4,248,889	-	-	243,606	4,492,495
Unrestricted intergovernmental	71,716	-	-	-	71,716
Restricted intergovernmental	2,642,818	15,990	28,620	2,047,672	4,735,100
Permits and fees	226,183	-	-	19,677	245,860
Sales and services	978,388	-	-	-	978,388
Service and fees	-	-	-	38,960	38,960
Investment earnings	94,837	-	-	-	94,837
Miscellaneous	513,047	-	-	106,582	619,629
Total revenues	\$ 20,837,001	\$ 15,990	\$ 28,620	\$ 3,360,399	\$ 24,242,010
<b>EXPENDITURES</b>					
Current:					
General government administration	\$ 3,533,365	\$ -	\$ -	\$ 684,592	\$ 4,217,957
Public safety	5,518,345	-	-	1,072,584	6,590,929
Economic and physical development	388,389	-	-	6,827	395,216
Environmental protection	-	-	-	(644)	(644)
Human services	3,391,416	-	-	370,715	3,762,131
Cultural and recreational	341,794	-	-	-	341,794
Education	2,913,664	-	-	-	2,913,664
Capital outlay	-	15,990	28,620	925,029	969,639
Debt service:					
Principal repayments	858,558	-	-	-	858,558
Interest and fees	66,524	-	-	-	66,524
Total expenditures	\$ 17,012,055	\$ 15,990	\$ 28,620	\$ 3,059,103	\$ 20,115,768
Excess (deficiency) of revenues over (under) expenditures	\$ 3,824,946	\$ -	\$ -	\$ 301,296	\$ 4,126,242
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 1,222,353	\$ -	\$ -	\$ 1,172,438	\$ 2,394,791
Transfers out	(1,180,784)	-	-	(1,214,007)	(2,394,791)
Sale of capital assets	4,879	-	-	-	4,879
Total other financing sources (uses)	\$ 46,448	\$ -	\$ -	\$ (41,569)	\$ 4,879
Net change in fund balances	\$ 3,871,394	\$ -	\$ -	\$ 259,727	\$ 4,131,121
Fund balances - beginning	9,067,926	-	-	1,835,440	10,903,366
Fund balances - ending	\$ 12,939,320	\$ -	\$ -	\$ 2,095,167	\$ 15,034,487

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

Alleghany County, North Carolina  
Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds \$ 4,131,121

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

Capital outlay	\$ 1,089,030	
Depreciation/amortization expense	(1,539,777)	(450,747)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position.		(37,140)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue - ad valorem taxes	\$ 18,350	
Change in unavailable revenue - EMS	(36,666)	(18,316)

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

Principal repayments:		
Note payable	814,515	
Lease payable	44,043	858,558

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

Change in compensated absences	\$ (58,085)	
Change in accrued interest payable	12,734	
Change in net pension liability and related deferred items - LGERS	(333,283)	
Change in net pension liability and related deferred items - LEOSSA	(82,229)	
Change in net pension asset and related deferred items - ROD	(2,006)	
Change in net OPEB liability and related deferred items	486,514	23,645

Change in net position of governmental activities		\$ 4,507,121
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The notes to the financial statements are an integral part of this statement.

Alleghany County, North Carolina  
Statement of Net Position  
Proprietary Fund  
June 30, 2023

	Enterprise Fund Landfill Fund
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 634,560
Accounts receivables, net of allowance for uncollectibles	78,611
Total current assets	<u>\$ 713,171</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 110,183
Improvements	115,343
Buildings	342,698
Vehicles and equipment	679,836
Leased equipment	116,962
Less accumulated depreciation and amortization	(871,903)
Total capital assets	<u>\$ 493,119</u>
Total noncurrent assets	<u>\$ 493,119</u>
Total assets	<u>\$ 1,206,290</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	\$ 62,532
OPEB related items	59,845
Total deferred outflows of resources	<u>\$ 122,377</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 185,547
Accrued liabilities	2,631
Compensated absences - current portion	15,326
Lease liabilities - current portion	37,612
Total current liabilities	<u>\$ 241,116</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 5,108
Landfill closure and post-closure care costs	34,632
Lease liabilities - net of current portion	6,343
Net pension liability	93,351
Net OPEB liability	266,603
Total noncurrent liabilities	<u>\$ 406,037</u>
Total liabilities	<u>\$ 647,153</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	\$ 2,748
OPEB related items	83,714
Total deferred inflows of resources	<u>\$ 86,462</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 449,164
Unrestricted	145,888
Total net position	<u><u>\$ 595,052</u></u>

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



Alleghany County, North Carolina  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2023

	Enterprise Fund
	<u>Landfill Fund</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,282,406
Total operating revenues	<u>\$ 1,282,406</u>
<b>OPERATING EXPENSES</b>	
Landfill operations	\$ 1,151,727
Depreciation	103,382
Total operating expenses	<u>\$ 1,255,109</u>
Operating income (loss)	<u>\$ 27,297</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Intergovernmental revenue	\$ 375
Interest expense	(1,280)
Total nonoperating revenues (expenses)	<u>\$ (905)</u>
Income before capital contributions and grants	<u>\$ 26,392</u>
Capital contributions and grants	<u>\$ 2,000</u>
Change in net position	\$ 28,392
Total net position - beginning	566,660
Total net position - ending	<u><u>\$ 595,052</u></u>

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

Alleghany County, North Carolina  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2023

	Enterprise Fund <u>Landfill Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,275,754
Payments to suppliers	(791,389)
Payments to and for employees	(200,592)
Net cash provided by (used for) operating activities	<u>\$ 283,773</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on lease liabilities	\$ (36,868)
Contributions in aid of construction	2,375
Interest payments	(1,280)
Net cash provided by (used for) capital and related financing activities	<u>\$ (35,773)</u>
Net increase (decrease) in cash and cash equivalents	\$ 248,000
Cash and cash equivalents - beginning	386,560
Cash and cash equivalents - ending	<u><u>\$ 634,560</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	<u>\$ 27,297</u>
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	\$ 103,382
(Increase) decrease in accounts receivable	(6,652)
Increase (decrease) in accounts payable	124,423
Increase (decrease) in accrued liabilities	479
Increase (decrease) in compensated absences	5,003
Increase (decrease) in net pension liability	68,212
Increase (decrease) in net OPEB liabilities	(46,425)
Increase (decrease) in deferred inflows	4,192
(Increase) decrease in deferred outflows	(25,952)
Increase (decrease) in landfill closure and post-closure care costs	29,814
Total adjustments	<u>\$ 256,476</u>
Net cash provided by (used for) operating activities	<u><u>\$ 283,773</u></u>

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

Alleghany County, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 6,494
Receivables:	
Other receivables	<u>7,220</u>
Total assets	<u>\$ 13,714</u>
<b>LIABILITIES</b>	
Due to other governmental units	<u>\$ 12,605</u>
Total liabilities	<u>\$ 12,605</u>
<b>NET POSITION</b>	
<b>Restricted:</b>	
Benefit of the inmates	\$ 1,070
Held in trust	<u>39</u>
Total net position	<u><u>\$ 1,109</u></u>

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

**Alleghany County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

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	<b>Custodial Funds</b>
<b>ADDITIONS</b>	
Inmate deposits	\$ 49,087
Ad valorem taxes	83,930
Total additions	<u>\$ 133,017</u>
<b>DEDUCTIONS</b>	
Canteen sales	\$ 36,966
Inmate refunds	12,162
Payments to Town of Sparta	83,930
Total deductions	<u>\$ 133,058</u>
Change in net position	\$ (41)
Net position - beginning	1,150
Net position - ending	<u><u>\$ 1,109</u></u>

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

Alleghany County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 11,253,691	\$ 11,253,691	\$ 12,061,123	\$ 807,432
Other taxes	3,039,300	3,655,450	4,248,889	593,439
Unrestricted intergovernmental	70,873	70,873	71,716	843
Restricted intergovernmental	2,601,569	2,641,545	2,642,818	1,273
Permits and fees	197,000	197,000	226,183	29,183
Sales and services	723,856	725,855	978,388	252,533
Investment earnings	1,200	6,700	94,837	88,137
Miscellaneous	525,403	571,434	513,047	(58,387)
Total revenues	\$ 18,412,892	\$ 19,122,548	\$ 20,837,001	\$ 1,714,453
EXPENDITURES				
Current				
General government administration	\$ 3,603,410	\$ 3,636,022	\$ 3,496,203	\$ 139,819
Public safety	5,460,868	5,623,629	5,518,345	105,284
Economic and physical development	450,667	451,561	388,389	63,172
Human services	4,030,229	4,049,480	3,391,416	658,064
Cultural and recreational	359,728	377,781	341,794	35,987
Education	2,915,748	2,915,748	2,913,664	2,084
Nondepartmental	200,000	201,606	-	201,606
Debt service:				
Principal repayments	809,620	810,978	858,558	(47,580)
Interest and fees	64,908	64,908	66,524	(1,616)
Total expenditures	\$ 17,895,178	\$ 18,131,713	\$ 16,974,893	\$ 1,156,820
Excess (deficiency) of revenues over (under) expenditures	\$ 517,714	\$ 990,835	\$ 3,862,108	\$ 2,871,273
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,214,007	\$ 1,214,007
Transfers out	(517,714)	(1,017,714)	(1,180,784)	(163,070)
Sale of capital assets	-	-	4,879	4,879
Appropriated fund balance	-	26,879	-	(26,879)
Total other financing sources and uses	\$ (517,714)	\$ (990,835)	\$ 38,102	\$ 1,028,937
Net change in fund balance	\$ -	\$ -	\$ 3,900,210	\$ 3,900,210
Fund balance - beginning			8,945,775	
Fund balance - ending			\$ 12,845,985	
Legally budgeted funds consolidated into the General Fund for reporting purposes:				
Tax Revaluation Fund:				
Expenditures			(29,693)	
Fund balance, beginning			45,239	
Register of Deeds Fund:				
Transfer in-General Fund			8,346	
Expenditures			(7,469)	
Fund balance, beginning			76,912	
Fund balances - ending (Exhibit 5)			\$ 12,939,320	

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

## ALLEGHANY COUNTY, NORTH CAROLINA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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#### **Note 1-Summary of Significant Accounting Policies**

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

##### **A. Financial Reporting Entity**

Alleghany County, North Carolina ("the County"), which is by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended Component Unit - The Alleghany Industrial Facility and Pollution Control Financing Authority ("the Authority") exist 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 transaction or account balances. The Authority does not issue separate financial statements.

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

The Alleghany County 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.

Related Organizations - The County has no related organizations.

Jointly Governed Organizations -

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 \$11,790 to the Council during the fiscal year ended June 30, 2023.

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

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**A. Financial Reporting Entity (Continued)**

**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 \$184,863 to the Community College for operating purposes during the fiscal year ended June 30, 2023. 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, 2023. 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, 2023. The County contributed \$269,265 to the Health Department during the fiscal year ended June 30, 2023. 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, 2023. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$185,066 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, 2023. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$60,000 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 1-Summary of Significant Accounting Policies (Continued)**

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**B. Basis of Presentation, Measurement Focus - Basis of Accounting**

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component unit. 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 of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities. The County reports the following major governmental fund:

The County reports the following major governmental funds:

The General Fund is the government's primary operating fund County. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds. The Revaluation Fund and the Registrar of Deeds Automation and Preservation 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.

A State Capital and Infrastructure Fund (SCIF) grant in the amount of \$2,000,000 was received in fiscal year 2022. This fund is to be used for improvements to the County Courthouse. These projects are accounted for in the State Capital and Infrastructure Fund Courthouse Fund.



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

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**B. Basis of Presentation, Measurement Focus - Basis of Accounting (Continued)**

The County reports the following major governmental funds: (continued)

A State Capital and Infrastructure Fund (SCIF) grant in the amount of \$400,000 was received in fiscal year 2023. This fund is to be used for improvements to the county pool. These projects are accounted for in the State Capital and Infrastructure Pool Fund.

The County reports the following nonmajor governmental 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, Soil and Water Fund, Representative Payee Fund, Earthquake Fund, Deed of Trust Fund, ARPA Fund, Fines and Forfeitures Fund, DPS Law Enforcement Grant Fund, Fire Tax Fund, and the Opioid Settlement Fund.

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, SCIF Capital Project, and Outdoor Recreation Capital Project Fund.

The County reports the following major proprietary funds:

The Landfill Fund account for 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. The County has one Enterprise Fund - the Landfill Fund.

Additionally, the County reports the following fund types:

Custodial funds account for assets held by the County on behalf of others that meet certain criteria. The County maintains the following custodial funds:

Jail Inmate Fund which holds cash deposits made to inmates as payment for work performed while incarcerated as well as collections for the benefit of inmates from their friends and families.

Town of Sparta Tax Fund which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for Town of Sparta but are not revenues of the County.

Library Fund which accounts for donations to be used for the local library.

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

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

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**B. Basis of Presentation, Measurement Focus - Basis of Accounting (Continued)**

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. The government-wide, proprietary fund, and custodial 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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. Issuances 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 60 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013 or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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**B. Basis of Presentation, Measurement Focus - Basis of Accounting (Continued)**

Sales taxes and certain intergovernmental revenues, such as the beer and wine 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 is both restricted and unrestricted net position 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 general revenues.

**C. 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 Fund. All annual appropriations lapse at the fiscal year-end. All capital project funds, except the School Capital Project Fund, the Opioid Settlement Fund, and ARPA Special Revenue Fund adopted a project ordinance. Expenditures may not legally exceed appropriations all 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 department 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 ordinance can be adopted.

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity**

**1. Deposit and Investments**

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

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

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**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**1. Deposit and Investments (Continued)**

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).

**2. Cash and Cash Equivalents**

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and investments with a maturity date of 90 days or less at time of purchase to be cash and cash equivalents.

**3. Restricted Assets**

Money in the Tax 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 Statutes 161-10.

	<u>Governmental Activities</u>
General Fund	
Revaluation	\$ 15,546
Register of Deeds	77,789
Other Governmental Funds	
Forfeiture funds	<u>27,381</u>
Total	<u><u>\$ 120,716</u></u>

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

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**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**4. 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, 2022. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowance 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.

**6. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 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. 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 that 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 after 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.

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

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**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**7. Capital Assets (Continued)**

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

Asset	Years
Buildings	40
Improvements	8-15
Equipment and vehicles	3-20

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. Deferred Outflows of Resources represent a consumption of net assets 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 - a charge on refunding, pension, and contributions made to the OPEB or pension plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. Deferred Inflows of Resources represent an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category - prepaid taxes, special assessments receivable, and other OPEB or pension related deferrals.

**9. Right-to use lease assets**

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease or the useful life of the underlying asset.

**10. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

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

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**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**11. Compensated Absences**

The vacation policies of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and 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 accumulated 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.

**12. Opioid Settlement Funds**

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum Of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund

The County received \$87,591 as part of this settlement in Fiscal Year 2023, for a total of \$124,480 to date. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. The County spent \$10,000 in 2023, and the remaining \$114,480 is reported as unearned. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

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

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**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**13. Reimbursement for Pandemic-related Expenditures**

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$2,163,232 of fiscal recovery funds to be paid in two equal installments. The first installment of \$1,081,616 was received in July 2021. The second installment was received in July 2022. County staff and the Board of Commissioners have elected to use \$1,081,616 for revenue replacement funds and those funds were transferred to the General Fund as appropriate during 2023.

**14. Net Position/Fund Balances**

**Net Position -**

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

**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:

- **Nonspendable 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 revenue sources that are restricted to specific purposes externally imposed or imposed by law.



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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**14. Net Position/Fund Balances (Continued)**

*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 that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

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

*Restricted for Recreation* - portion of fund balance that is 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 for the purpose for which the debt was issued.

Restricted fund balance is as follows:

Purpose	General Fund	Other Governmental Funds	Total
Register of Deeds	\$ 77,789	\$ -	\$ 77,789
Stabilization by State Statute	1,336,890	162,468	1,499,358
Emergency Telephone System	-	196,380	196,380
Forfeiture funds	-	27,381	27,381
Recreation	-	98,364	98,364
Total	<u>\$ 1,414,679</u>	<u>\$ 484,593</u>	<u>\$ 1,899,272</u>

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

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D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)

14. Net Position/Fund Balances (Continued)

- **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 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 Tax Revaluation* - portion of fund balance that can only be used for Tax Revaluation.

- **Assigned Fund Balance** - The portion of fund balance that the 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 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 General Government Administration* - portion of fund balance budgeted by the Board for general government administration activities and projects.

*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 conservations.

*Assigned for Human Services* - portion of fund balance budgeted by the Board for human services activities and projects.

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

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

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D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)

14. Net Position/Fund Balances (Continued)

*Assigned fund balance is as follows:*

Purpose	Other Governmental Funds
General government administration	\$ 415
Economic and physical development	18,732
Environmental protection	727
Human services	299,566
Capital outlay	1,334,540
Total	<u>\$ 1,653,980</u>

- Unassigned Fund Balance - Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: 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.

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)**

**15. Defined Benefit Pension and OPEB 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. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

**16. 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, 2023:

	General Fund	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone Fund	Soil and Water Fund	
Total fund balance	\$ 12,939,320	\$ 284,731	\$ 18,732	\$ 27,381	\$ 206,393	\$ 727	
Less Stabilization by State Statute	(1,336,890)	(20,751)	-	-	(10,013)	-	
Total available fund balance	<u>\$ 11,602,430</u>	<u>\$ 263,980</u>	<u>\$ 18,732</u>	<u>\$ 27,381</u>	<u>\$ 196,380</u>	<u>\$ 727</u>	
	Representative Payee Fund	Earthquake Fund	Deed of Trust Fund	Fire Tax Fund	School Capital Proj. Fund	Outdoor Rec. Capital Proj. Fund	Total
(continued)							
Total fund balance	\$ 35,586	\$ 81,285	\$ -	\$ 7,428	\$ 1,334,540	\$ 98,364	\$ 15,034,487
Less Stabilization by State Statute	-	(124,691)	-	(7,013)	-	-	(1,499,358)
Total available fund balance	<u>\$ 35,586</u>	<u>\$ (43,406)</u>	<u>\$ -</u>	<u>\$ 415</u>	<u>\$ 1,334,540</u>	<u>\$ 98,364</u>	<u>\$ 13,535,129</u>

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

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D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity (Continued)

17. 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.

**Note 2-Stewardship, Compliance and Accountability**

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Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

There were no significant violations with North Carolina General Statutes for the year ended June 30, 2023.

2. Contractual Violations

There were no significant violations with contracts for the year ended June 30, 2023.

3. Deficit Fund Balance of Individual Funds

There were no significant deficit fund balances as of June 30, 2023.

4. Excess of Expenditures over Appropriations

For fiscal year ended June 30, 2023, the Earthquake and Representative Payee funds overspent the approved appropriations.

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### Note 3-Deposits

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All 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 these units' names. 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 held by their agents in the entities' names. 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 financial 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 G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2023, the County's deposits had a carrying amount of \$17,794,771 and a bank balance of \$17,921,924. Of the bank balance, \$250,000 was covered by federal depository insurance and \$17,857,190 was covered by collateral held under the Pooling Method. At June 30, 2023, the County had \$1,908 cash on hand and \$6,494 was held in trust for inmates, Town of Sparta, and the library within the Jail Inmate, Town of Sparta Tax, and Library Funds, respectively.

At June 30, 2023, the TDA's deposits had a carrying amount and bank balance of \$312,419. 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.

**Note 4-Property Tax-Use-Value Assessment on Certain Lands**

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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
2020	\$ 2,118,511	\$ 169,481	\$ 2,287,992
2021	2,182,440	174,595	2,357,035
2022	2,193,838	175,507	2,369,345
2023	2,189,184	175,134	2,364,318
Total	<u>\$ 8,683,973</u>	<u>\$ 694,717</u>	<u>\$ 9,378,690</u>

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ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 5-Receivables-Allowances for Doubtful Accounts**

Receivables at the government-wide level at June 30, 2023, were as follows:

	Accounts	Taxes	Due from Other Governments	Total
Governmental Activities				
General	\$ 254,387	\$ 279,142	\$ 1,261,948	\$ 1,795,477
Other governmental	155,455	26,539	-	181,994
Total receivables	<u>\$ 409,842</u>	<u>\$ 305,681</u>	<u>\$ 1,261,948</u>	<u>\$ 1,977,471</u>
Allowance for doubtful accounts	(42,840)	(23,125)	-	(65,965)
Total governmental activities	<u><u>\$ 367,002</u></u>	<u><u>\$ 282,556</u></u>	<u><u>\$ 1,261,948</u></u>	<u><u>\$ 1,911,506</u></u>
Business-type Activities				
Solid waste	\$ 91,228	\$ -	\$ -	\$ 91,228
Allowance for doubtful accounts	(12,617)	-	-	(12,617)
Total business-type activities	<u><u>\$ 78,611</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 78,611</u></u>

Due from other governments consisted of the following:

Local options sales tax	\$ 532,483
Sales tax refund	84,950
Other	644,515
Total	<u><u>\$ 1,261,948</u></u>

The Tourism Development Authority's receivables consist of occupancy taxes from local hotels of \$18,037. Management expects all accounts receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.

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ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 6-Capital Assets**

Summary of Capital Assets

Capital asset activity in the for the year ended June 30, 2023, was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 589,739	\$ -	\$ -	\$ 589,739
Construction in progress	217,947	765,141	(326,394)	656,694
Total capital assets not being depreciated	<u>\$ 807,686</u>	<u>\$ 765,141</u>	<u>\$ (326,394)</u>	<u>\$ 1,246,433</u>
Capital assets, being depreciated:				
Buildings	\$ 23,858,489	\$ -	\$ (42,199)	\$ 23,816,290
Improvements	7,559,259	330,326	-	7,889,585
Equipment and vehicles	5,567,821	319,957	(128,695)	5,759,083
Total capital assets being depreciated	<u>\$ 36,985,569</u>	<u>\$ 650,283</u>	<u>\$ (170,894)</u>	<u>\$ 37,464,958</u>
Accumulated depreciation:				
Buildings	\$ (10,016,472)	\$ (598,164)	\$ 5,059	\$ (10,609,577)
Improvements	(3,928,768)	(523,922)	-	(4,452,690)
Equipment and vehicles	(4,421,170)	(371,852)	128,695	(4,664,327)
Total accumulated depreciation	<u>\$ (18,366,410)</u>	<u>\$ (1,493,938)</u>	<u>\$ 133,754</u>	<u>\$ (19,726,594)</u>
Total capital assets being depreciated, net	<u>\$ 18,619,159</u>	<u>\$ (843,655)</u>	<u>\$ (37,140)</u>	<u>\$ 17,738,364</u>
Capital assets being amortized:				
Right to use assets:				
Lease building	<u>\$ 321,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,129</u>
Less accumulated amortization for:				
Right to use assets:				
Lease building	<u>\$ (45,840)</u>	<u>\$ (45,839)</u>	<u>\$ -</u>	<u>\$ (91,679)</u>
Total capital assets being amortized, net	<u>\$ 275,289</u>	<u>\$ (45,839)</u>	<u>\$ -</u>	<u>\$ 229,450</u>
Governmental activities capital assets, net	<u><u>\$ 19,702,134</u></u>	<u><u>\$ (124,353)</u></u>	<u><u>\$ (363,534)</u></u>	<u><u>\$ 19,214,247</u></u>

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

Note 6-Capital Assets (Continued)

Summary of Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 110,183	\$ -	\$ -	\$ 110,183
Capital assets, being depreciated:				
Buildings	\$ 342,698	\$ -	\$ -	\$ 342,698
Equipment and vehicles	679,836	-	-	679,836
Land improvements	115,343	-	-	115,343
Total capital assets being depreciated	<u>\$ 1,137,877</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,137,877</u>
Accumulated depreciation:				
Buildings	\$ (224,207)	\$ (8,568)	\$ -	\$ (232,775)
Equipment and vehicles	(445,047)	(52,510)	-	(497,557)
Land improvements	(62,369)	(5,507)	-	(67,876)
Total accumulated depreciation	<u>\$ (731,623)</u>	<u>\$ (66,585)</u>	<u>\$ -</u>	<u>\$ (798,208)</u>
Total capital assets being depreciated, net	<u>\$ 406,254</u>	<u>\$ (66,585)</u>	<u>\$ -</u>	<u>\$ 339,669</u>
Capital assets being amortized:				
Right to use assets:				
Lease equipment	\$ 116,962	\$ -	\$ -	\$ 116,962
Less accumulated amortization for:				
Right to use assets:				
Lease equipment	\$ (36,898)	\$ (36,797)	\$ -	\$ (73,695)
Total capital assets being amortized, net	<u>\$ 80,064</u>	<u>\$ (36,797)</u>	<u>\$ -</u>	<u>\$ 43,267</u>
Business-type activities capital assets, net	<u>\$ 596,501</u>	<u>\$ (103,382)</u>	<u>\$ -</u>	<u>\$ 493,119</u>

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

Governmental Activities:	
General government administration	\$ 1,226,100
Public safety	242,028
Economic and physical development	977
Human services	50,984
Cultural and recreation	19,688
Total depreciation expense-governmental activities	<u>\$ 1,539,777</u>

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 6-Capital Assets (Continued)**

Construction Commitments

The County had two active construction projects as of June 30, 2023. At June 30, 2023, the government's commitments with contractors are as follows:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
90 S. Main Street County Office Building Renovations	\$ 865,000	\$ 420,780	\$ 176,035	\$ 23,380
Alleghany Pool Site Evaluation	24,600	8,610	15,990	-
Totals	<u>\$ 889,600</u>	<u>\$ 429,390</u>	<u>\$ 192,025</u>	<u>\$ 23,380</u>

**Note 7-Payables**

Payables at the government-wide level at June 30, 2023, were as follows:

	Vendors	Accrued Payroll	Total
Governmental activities			
General	\$ 319,572	\$ 288,189	\$ 607,761
State Capital and Infrastructure Fund Pool Fund	15,990	-	15,990
Other governmental	304,748	3,073	307,821
Total governmental activities	<u>\$ 640,310</u>	<u>\$ 291,262</u>	<u>\$ 931,572</u>
Business-type activities			
Landfill	<u>\$ 185,547</u>	<u>\$ 2,631</u>	<u>\$ 188,178</u>

As of June 30, 2023, the Tourism Development Authority's payables consisted of vendor payables.

**Note 8-Pension Plan Obligations**

Local Governmental Employees' Retirement System

*Plan Description*

The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 LERS 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LERS. 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](http://www.osc.nc.gov).

**Note 8-Pension Plan Obligations (Continued)**

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Local Governmental Employees' Retirement System (Continued)

*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. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.16% 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. Contributions to the pension plan from the County were \$694,221 for the year ended June 30, 2023.

*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.

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 8-Pension Plan Obligations (Continued)**

Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2023, the County reported a liability of \$3,745,344 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, actuarially determined. At June 30, 2023 the County's proportion was 0.06639% (measured as of June 30, 2022), which was an increase of 0.00205% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$1,023,241. At June 30, 2023, 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	\$ 161,383	\$ 15,823
Change in assumptions	373,701	-
Net difference between projected and actual earnings on pension plan investments	1,237,875	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,692	94,440
Employer contributions subsequent to the measurement date	694,221	-
Total	<u>\$ 2,508,872</u>	<u>\$ 110,263</u>

**Note 8-Pension Plan Obligations (Continued)**

Local Governmental Employees' Retirement System (Continued)

\$694,221 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2024	\$ 518,152
2025	443,247
2026	153,244
2027	589,745
2028	-
Thereafter	-
	<u>\$ 1,704,388</u>

*Actuarial Assumptions*

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2015.

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

**Note 8-Pension Plan Obligations (Continued)**

Local Governmental Employees' Retirement System (Continued)

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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 6.50%. 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.

**Note 8-Pension Plan Obligations (Continued)**

Local Governmental Employees' Retirement System (Continued)

*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 6.50 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 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 6,759,864	\$ 3,745,344	\$ 1,261,205

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

*Plan Description*

Alleghany County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County'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 0.85 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.

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**Note 8-Pension Plan Obligations (Continued)**

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Law Enforcement Officers' Special Separation Allowance (Continued)

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2021 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	25
Total	<u>26</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 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 criteria which are outlined in GASB Statement 73.

*Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increase	3.25-7.75 percent per annum
Inflation	2.50 percent per annum
Discount rate	4.31 percent per annum, compounded annually

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 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, 2019.

**Note 8-Pension Plan Obligations (Continued)**

Law Enforcement Officers' Special Separation Allowance (Continued)

*Mortality Rate:*

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths Before Retirement: Mortality rates are based on the Pub-2010 amount-weighted Employee Mortality Table.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

*Contributions*

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 operating budget. There were no contributions made by employees. The County'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. The County paid \$8,674 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, 2023, the County reported a total pension liability of \$606,283. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$88,181.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,710	\$ 1,812
Change in assumptions	103,148	127,362
Employer contributions subsequent to the measurement date	8,674	-
Total	<u>\$ 180,532</u>	<u>\$ 129,174</u>

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 8-Pension Plan Obligations (Continued)**

Law Enforcement Officers' Special Separation Allowance (Continued)

The County paid \$8,674 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Total
2024	\$ 22,405
2025	22,334
2026	19,619
2027	3,810
2028	(14,907)
Thereafter	(10,577)
Total	<u>\$ 42,684</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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	<u>\$ 665,645</u>	<u>\$ 606,283</u>	<u>\$ 552,966</u>

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

Beginning balance	645,972
Service cost	44,741
Interest on the total pension liability	14,402
Changes of benefit terms	-
Differences between expected and actual experience	42,383
Changes of assumptions or other inputs	(129,448)
Benefit payments	(11,767)
Ending balance of the total pension liability	<u>606,283</u>

**Note 8-Pension Plan Obligations (Continued)**

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Law Enforcement Officers' Special Separation Allowance (Continued)

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent at December 31, 2021 (measurement date) to 4.31 percent at December 31, 2022 (measurement date).

*Changes in Benefit Terms.* Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

The plan currently uses mortality tables that vary by age, 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, 2021, valuation were based on the results of an actuarial experience study as of December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers

*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. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$58,150 for the reporting year. No amounts were forfeited.

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**Note 8-Pension Plan Obligations (Continued)**

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Registers of Deeds' Supplemental Pension Fund

*Plan Description*

Alleghany County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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](http://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 \$1,390 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$19,965 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2022, the County's proportion was 0.15079%, which was a decrease of 0.00428% from its proportion measured as of June 30, 2021.

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 8-Pension Plan Obligations (Continued)**

Registers of Deeds' Supplemental Pension Fund (Continued)

For the year ended June 30, 2023, the County recognized pension expense of \$3,430. At June 30, 2023, 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	\$ 154	\$ 362
Net difference between projected and actual earnings on pension plan investments	8,298	-
Changes of Assumptions	1,057	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	586	164
Employer contributions subsequent to the measurement date	1,390	-
Total	<u>\$ 11,485</u>	<u>\$ 526</u>

\$1,390 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, 2024.

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

Year Ended June 30	Total
2024	\$ 2,588
2025	2,131
2026	2,762
2027	2,088
2028	-
Thereafter	-
Total	<u>\$ 9,569</u>

**Note 8-Pension Plan Obligations (Continued)**

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Registers of Deeds' Supplemental Pension Fund (Continued)

*Actuarial Assumptions*

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 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, 2021 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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, 2023 is 0.9%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 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 3.25%. All rates of return and inflation are annualized.

*Discount rate*

The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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.

**Note 8-Pension Plan Obligations (Continued)**

Registers of Deeds' Supplemental Pension Fund (Continued)

*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 3.00 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 (2.00 percent) or 1-percentage-point higher (3.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
County's proportionate share of the net pension liability (asset)	\$ (14,103)	\$ (19,965)	\$ (24,900)

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

*Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

The net pension liability (asset) for LGERS and ROD was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of June 30, 2022, with an actuarial valuation date of December 31, 2021.

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	LEOSSA	ROD	Total
Proportionate share of net pension liability (asset)	\$ 3,745,344	n/a	\$ (19,965)	\$ 3,725,379
Proportion of the net pension liability (asset)	0.06639%	n/a	0.15079%	n/a
Total pension liability	n/a	\$ 606,283	n/a	\$ 606,283
Pension expense	\$ 1,023,241	\$ 88,181	\$ 3,430	\$ 1,114,852



**ALLEGHANY COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023**

**Note 8-Pension Plan Obligations (Continued)**

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	LGERS	LEOSSA	ROD	Total
Differences between expected and actual experience	\$ 161,383	\$ 68,710	\$ 154	\$ 230,247
Change in assumptions	373,701	103,148	1,057	477,906
Net difference between projected and actual earnings on pension plan investments	1,237,875	-	8,298	1,246,173
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,692	-	586	42,278
Employer contributions subsequent to the measurement date	694,221	8,674	1,390	704,285
Total	<u>\$ 2,508,872</u>	<u>\$ 180,532</u>	<u>\$ 11,485</u>	<u>\$ 2,700,889</u>
Deferred Inflows of Resources	LGERS	LEOSSA	ROD	Total
Differences between expected and actual experience	\$ 15,823	\$ 1,812	\$ 362	\$ 17,997
Change in assumptions	-	127,362	-	127,362
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	94,440	-	164	94,604
Total	<u>\$ 110,263</u>	<u>\$ 129,174</u>	<u>\$ 526</u>	<u>\$ 239,963</u>

**Note 9-Other Postemployment 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 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 state 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.

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 9-Other Postemployment Benefits (Continued)**

County Contributions Based on Years of Creditable Service		
Years of Creditable Service	Date Hired	
	On or Before October 16, 2006	After October 16, 2006
Less than 5	Not eligible	Not eligible
Less than 10	100.00%	Not eligible
Between 10 and 14	100.00%	75.00%
Between 15 and 19	100.00%	93.75%
20 years or more	100.00%	100.00%

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation.

Inactive employees or beneficiaries	
currently receiving benefits	43
Active employees	109
Total	<u>152</u>

*Total OPEB Liability*

The County's total OPEB liability of \$10,414,184, was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

*Actuarial assumptions and other inputs*

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Discount rate	3.54 percent
Inflation	2.50 percent
Real wage growth	.75 percent
Wage inflation	3.25 percent
Salary increases	General employees - 3.25%-8.41%
	Fire fighters - 3.25%-8.15%
	Law enforcement officers -3.25%-7.9%
Healthcare cost trends	Pre-Medicare Medical and Prescription Drug - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031; Medicare Medical and Prescription Drug - 5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024

**Note 9-Other Postemployment Benefits (Continued)**

The discount rate is based on the Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate.

Mortality rates were based on the PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019, 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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Schedule of Changes in Total OPEB Liability	
Total OPEB liability as of July 1, 2021	\$ 12,421,753
Changes for the year:	
Service cost	467,099
Interest	269,888
Difference between expected and actual experience	517,170
Changes in assumptions and other inputs	(2,469,465)
Benefit payments and implicit subsidy credit	(792,261)
Net changes	\$ (2,007,569)
Balances at June 30, 2022	<u>\$ 10,414,184</u>

Changes in assumptions and other inputs reflect a change in the discount rate.

*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 (2.54 percent) or on percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 12,123,684</u>	<u>\$ 10,414,184</u>	<u>\$ 9,042,193</u>

**Note 9-Other Postemployment Benefits (Continued)**

*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:

	1% Decrease (Pre-Medicare 6%; Medicare 4.125%)	Discount Rate (Pre-Medicare 7%; Medicare 5.125%)	1% Increase (Pre-Medicare 8%; Medicare 6.125%)
Total OPEB liability	\$ 8,817,614	\$ 10,414,184	\$ 12,443,932

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$342,224. At June 30, 2023, 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	\$ 434,324	\$ 907,806
Change in assumptions	1,667,272	2,362,279
Employer contributions subsequent to the measurement date	236,109	-
Total	\$ 2,337,705	\$ 3,270,085

*Remainder of this page left blank intentionally.*

**Note 9-Other Postemployment Benefits (Continued)**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
(Continued)*

\$236,109 reported as deferred outflows of resources related to OPEB resulting from benefit payments and administrative expense incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30	Total
2024	\$ (380,748)
2025	(246,831)
2026	(176,679)
2027	(8,017)
2028	(311,697)
Thereafter	(44,517)
Total	<u>\$ (1,168,489)</u>

**Note 10-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.

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ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 11-Deferred Outflows and Inflows of Resources**

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

Source	Government- Wide Statement of Net Position
Contributions to pension plans in the current fiscal year	\$ 695,611
Benefit payments/administration costs paid for LEOSSA subsequent to the measurement date	8,674
Benefit payments/administration costs paid for OPEB subsequent to the measurement date	236,109
Differences between expected and actual experience	664,571
Changes of assumptions	2,145,178
Net difference between projected and actual earnings on pension plan investments	1,246,173
Change in proportion and difference between County contributions and proportionate share of contributions	42,278
Total	<u>\$ 5,038,594</u>

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

Source	Governmental Funds	Government- Wide Statement of Net Position
Prepaid taxes not yet earned (General)	\$ 72,984	\$ 72,984
EMS receivable, net (General)	136,605	-
Ad valorem taxes receivable, net (General)	275,543	-
Differences between expected and actual experience	-	925,803
Changes of assumptions	-	2,489,641
Net difference between projected and actual earnings on pension plan investments	-	-
Change in proportion and difference between County contributions and proportionate share of contributions	-	94,604
Total	<u>\$ 485,132</u>	<u>\$ 3,583,032</u>

**Note 12-Risk Management**

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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 replacement cost values 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 coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the North Carolina 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 the 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 a \$500,000 retention 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, County employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere.

The County carries commercial coverage for all 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.

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ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13-Long-term Obligations**

Leases

The County has entered into an agreement to lease certain equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in July 2021 to lease landfill equipment and requires 38 monthly payments of \$3,179. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.00%, which is the stated rate in the lease agreement. As a result of the lease, the County has recorded a right to use lease asset with a net book value of \$43,267 at June 30, 2023.

The second agreement was executed in August 2018 to lease office space for social services in a building and requires 120 monthly payments of \$4,100. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.00%. As a result of the lease, the County has recorded a right to use lease asset with a net book value of \$229,450.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2024	\$ 44,932	\$ 4,268	\$ 37,612	\$ 535
2025	45,839	3,361	6,343	16
2026	46,764	2,436	-	-
2027	47,708	1,492	-	-
2028	48,672	529	-	-
Total	<u>\$ 233,915</u>	<u>\$ 12,086</u>	<u>\$ 43,955</u>	<u>\$ 551</u>

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2023:

	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements	\$ 3,412,927	\$ -	\$ (814,515)	\$ 2,598,412
Lease liabilities	277,958	-	(44,043)	233,915
Total pension liability (LEOSSA)	645,972	101,526	(141,215)	606,283
Net pension liability (LGERS)	961,577	3,180,130	(489,714)	3,651,993
Compensated absences	354,787	324,175	(266,090)	412,872
Total OPEB liability	<u>12,108,725</u>	<u>1,222,051</u>	<u>(3,183,195)</u>	<u>10,147,581</u>
Total	<u>\$ 17,761,946</u>	<u>\$ 4,827,882</u>	<u>\$ (4,938,772)</u>	<u>\$ 17,651,056</u>



ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13-Long-term Obligations (Continued)**

Primary Government-Governmental Activities Obligations (Continued)

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

Year Ending June 30,	Direct Borrowings and placements	
	Principal	Interest
2024	\$ 621,286	\$ 41,958
2025	583,488	29,315
2026	268,797	17,713
2027	248,363	13,533
2028	238,147	9,352
2029-2033	638,331	8,289
Totals	<u>\$ 2,598,412</u>	<u>\$ 120,160</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<b>Direct Borrowings and Direct Placements:</b>						
Blue Ridge Library	0.00%	10/20/2016	2027	\$ 306,525	\$ 102,173	\$ 30,652
School Construction	1.97%	12/22/2009	2025	3,339,585	445,278	222,639
School Construction	5.29%	12/16/2010	2025	418,230	59,747	29,874
Safety Training/Glade Creek	2.51%	4/10/2013	2029	847,176	282,392	56,478
Ambulance/EMS Vehicle	3.63%	6/7/2019	2024	183,943	39,219	39,219
Building Improvements	3.07%	6/20/2019	2030	900,000	630,000	90,000
Equipment and Vehicles	2.34%	12/12/2019	2025	297,000	122,936	60,757
QZAB School Improvements	0.00%	10/20/2017	2033	1,375,000	916,667	91,667
Total direct borrowings and direct placements					<u>\$ 2,598,412</u>	<u>\$ 621,286</u>
<b>Other Obligations:</b>						
Lease liabilities					\$ 233,915	\$ 44,932
Total pension liability (LEOSSA)					606,283	-
Net pension liability (LGRS)					3,651,993	-
Compensated absences					412,872	309,654
Total OPEB liability					10,147,581	-
Total other obligations					<u>\$ 15,052,644</u>	<u>\$ 354,586</u>
Total long-term obligations					<u>\$ 17,651,056</u>	<u>\$ 975,872</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.

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 13-Long-term Obligations (Continued)**

Primary Government-Governmental Activities Obligations (Continued)

All of the County's direct borrowing installment purchases are secured by pledges of collateral for the properly acquired by the financing.

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.

Primary Government-Business-type Activities Indebtedness

The following is a summary of long-term obligations transactions of the Enterprise Fund for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Net pension liability (LGERS)	\$ 25,139	\$ 70,960	\$ (2,748)	\$ 93,351
Compensated absences	15,431	16,576	(11,573)	20,434
Lease liabilities	80,823	-	(36,868)	43,955
Accrued landfill closure and post-closure care costs	4,818	29,814	-	34,632
Total OPEB liability	<u>313,028</u>	<u>37,075</u>	<u>(83,500)</u>	<u>266,603</u>
Total	<u>\$ 439,239</u>	<u>\$ 154,425</u>	<u>\$ (134,689)</u>	<u>\$ 458,975</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<b><u>Other Obligations:</u></b>		
Net pension liability (LGERS)	\$ 93,351	\$ -
Compensated absences	20,434	15,326
Lease liabilities	43,955	37,612
Accrued landfill closure and post-closure care costs	34,632	-
Total OPEB liability	<u>266,603</u>	<u>-</u>
Total other obligations	<u>\$ 458,975</u>	<u>\$ 52,938</u>
Total long-term obligations	<u>\$ 458,975</u>	<u>\$ 52,938</u>

ALLEGHANY COUNTY, NORTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023

**Note 14-Post-Closure Care Costs-Landfill Facility**

State and federal laws and regulations require 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 thirty years after closure. The \$34,632 reported as landfill postclosure care liability at June 30, 2023 represents an estimate of 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.

**Note 15-Interfund Activity**

Transfers to/from other funds at June 30, 2023 as noted below:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 1,222,353	\$ 1,180,784
Earthquake Fund	-	-
Deed of Trust Fund	-	132,391
School Capital Project Fund	886,095	-
ARPA Fund	286,343	1,081,616
Total	<u>\$ 2,394,791</u>	<u>\$ 2,394,791</u>

**Note 16-Restatement of beginning balances**

The following restatement was made to correct lease liabilities and assets for fiscal year 2022.

	<u>Net Position</u>
	<u>Governmental Activities</u>
Beginning balance, as previously stated	\$ 13,989,570
Correction of leased assets (net)	275,289
Correction of leased liabilities	(277,958)
Beginning balance, as previously restated	<u>\$ 13,986,901</u>

**Note 17-Summary Disclosure of Significant Commitments and Contingencies**

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**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 moneys 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 moneys.

**Note 18-Upcoming Pronouncements**

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Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

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

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

**Implementation Guide No. 2021-1, *Implementation Guidance Update—2021***, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

**Implementation Guide No. 2023-1, *Implementation Guidance Update—2023***, effective for fiscal years beginning after June 15, 2023.

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

Alleghany County, North Carolina  
 Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)  
 Local Governmental Employees' Retirement System  
 Last Ten Fiscal Years\*

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (6)
Primary Government					
2023	0.06639% \$	3,745,344 \$	5,334,675	70.21%	84.14%
2022	0.06434%	986,716	4,716,708	20.92%	92.00%
2021	0.07215%	2,578,227	5,306,689	48.58%	94.18%
2020	0.07339%	2,004,224	4,835,063	41.45%	91.47%
2019	0.07064%	1,675,822	4,048,445	41.39%	98.09%
2018	0.06704%	1,024,185	3,821,214	26.80%	98.79%
2017	0.06400%	1,358,294	3,632,539	37.39%	102.64%
2016	0.06249%	280,451	3,552,484	7.89%	94.35%
2015	0.06033%	(355,794)	3,455,839	-10.30%	98.22%
2014	0.06280%	756,981	3,362,242	22.51%	96.45%

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

Alleghany County, North Carolina  
Schedule of Employer Contributions  
Local Governmental Employees' Retirement System  
Last Ten Fiscal Years

Date	Contributions in Relation to		Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2023	\$ 694,221	\$ 694,221	\$ -	\$ 5,682,301	12.22%
2022	602,725	602,725	-	5,334,675	11.30%
2021	482,183	482,183	-	4,716,708	10.22%
2020	458,083	458,083	-	5,306,689	8.63%
2019	362,087	362,087	-	4,835,063	7.49%
2018	309,545	309,545	-	4,048,445	7.65%
2017	279,302	279,302	-	3,821,214	7.31%
2016	243,604	243,604	-	3,632,539	6.71%
2015	243,788	243,788	-	3,552,484	6.86%
2014	241,905	241,905	-	3,455,839	7.00%

Alleghany County, North Carolina  
Schedule of Changes in Total Pension Liability and Related Ratios  
Law Enforcement Officers' Special Separation Allowance  
Last Seven Fiscal Years\*

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 645,972	\$ 632,418	\$ 393,460	\$ 345,997	\$ 343,028	\$ 308,408	\$ 317,365
Changes for the year:							
Service Cost	44,741	42,995	26,065	20,307	19,805	15,191	15,532
Interest on the total pension liability	14,402	12,025	12,510	12,253	10,401	11,369	10,834
Differences between expected and actual experience in the measurement of the total pension liability	42,383	(2,596)	39,674	20,874	15,101	16,063	-
Changes of assumptions or other inputs	(129,448)	(20,143)	180,156	12,756	(14,570)	19,765	(7,555)
Benefit payments	(11,767)	(18,727)	(19,447)	(18,727)	(27,768)	(27,768)	(27,768)
Net changes	(39,689)	13,554	238,958	47,463	2,969	34,620	(8,957)
Ending balance of the total pension liability	<u>\$ 606,283</u>	<u>\$ 645,972</u>	<u>\$ 632,418</u>	<u>\$ 393,460</u>	<u>\$ 345,997</u>	<u>\$ 343,028</u>	<u>\$ 308,408</u>
Covered-employee payroll	\$ 1,095,837	\$ 997,504	\$ 990,047	\$ 793,286	\$ 701,478	\$ 599,223	\$ 587,782
Total pension liability as a percentage of covered-employee payroll	55.33%	64.76%	63.88%	49.60%	49.32%	57.25%	52.47%

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

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

**Alleghany County, North Carolina**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Registers of Deeds' Supplemental Pension Fund**  
**Last Ten Fiscal Years\***

<b>Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(6)</b>
2023	0.15079%	\$ (19,965)	\$ 139.04%
2022	0.15507%	(29,794)	156.53%
2021	0.15268%	(34,991)	173.62%
2020	0.14320%	(28,271)	162.50%
2019	0.15004%	(24,851)	153.31%
2018	0.14677%	(25,052)	153.77%
2017	0.14815%	(27,698)	160.17%
2016	0.15224%	(35,280)	197.29%
2015	0.15192%	(34,434)	193.88%
2014	0.14630%	(31,250)	190.50%

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



Alleghany County, North Carolina  
 Schedule of Employer Contributions  
 Registers of Deeds' Supplemental Pension Fund  
 Last Ten Fiscal Years

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Date	Contributions in Relation to		
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)
2023	\$ 1,390	\$ 1,390	\$ -
2022	1,693	1,693	-
2021	1,861	1,861	-
2020	1,461	1,461	-
2019	1,481	1,481	-
2018	1,276	1,276	-
2017	1,163	1,163	-
2016	1,210	1,210	-
2015	1,218	1,218	-
2014	1,240	1,240	-

Alleghany County, North Carolina  
Schedule of Changes in Total OPEB Liability and Related Ratios  
Health Insurance  
Last Six Fiscal Years\*

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 467,099	\$ 542,198	\$ 379,842	\$ 422,831	\$ 443,280	\$ 492,027
Interest	269,888	274,512	341,551	392,293	361,631	320,613
Differences between expected and actual experience	517,170	(598,517)	(6,832)	(1,163,028)	4,860	326
Changes in assumptions and other inputs	(2,469,465)	598,472	2,206,831	(45,102)	(542,706)	(967,256)
Benefit payments and implicit subsidy credit	(792,261)	(545,126)	(297,312)	(327,881)	(353,368)	(325,585)
<b>Net change in total OPEB liability</b>	<b>\$ (2,007,569)</b>	<b>\$ 271,539</b>	<b>\$ 2,624,080</b>	<b>\$ (720,887)</b>	<b>\$ (86,303)</b>	<b>\$ (479,875)</b>
<b>Total OPEB liability - beginning</b>	<b>12,421,753</b>	<b>12,150,214</b>	<b>9,526,134</b>	<b>10,247,021</b>	<b>10,333,324</b>	<b>10,813,199</b>
<b>Total OPEB liability - ending</b>	<b>\$ 10,414,184</b>	<b>\$ 12,421,753</b>	<b>\$ 12,150,214</b>	<b>\$ 9,526,134</b>	<b>\$ 10,247,021</b>	<b>\$ 10,333,324</b>
<b>Covered-employee payroll</b>	<b>\$ 4,015,387</b>	<b>\$ 4,015,387</b>	<b>\$ 4,169,340</b>	<b>\$ 4,169,340</b>	<b>\$ 3,685,961</b>	<b>\$ 3,685,961</b>
<b>Total OPEB liability (asset) as a percentage of covered-employee payroll</b>	<b>259.36%</b>	<b>309.35%</b>	<b>291.42%</b>	<b>228.48%</b>	<b>278.00%</b>	<b>280.34%</b>

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

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

**Notes to Schedule**

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

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54%
Inflation	2.50%
Real wage growth	0.75%
Wage Inflation	3.25%
Salary increases, including wage inflation	General employees - 3.25%-8.41% Fire fighters - 3.25%-8.15% Law enforcement officers - 3.25%-7.9%
Healthcare Trend Rate	Pre-Medicare Medical and Prescription Drug - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031 Medicare Medical and Prescription Drug - 5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2024
Retirement Age	The average age at retirement is 62
Mortality Rates	Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
General Fund Consolidated  
For the Year Ended June 30, 2023

	General Fund	Revaluation Fund	Register of Deeds Automation and Preservation Fund	Total General Fund Consolidated
<b>REVENUES</b>				
Ad valorem taxes	\$ 12,061,123	\$ -	\$ -	\$ 12,061,123
Other taxes	4,248,889	-	-	4,248,889
Unrestricted intergovernmental	71,716	-	-	71,716
Restricted intergovernmental	2,642,818	-	-	2,642,818
Permits and fees	226,183	-	-	226,183
Sales and services	978,388	-	-	978,388
Investment earnings	94,837	-	-	94,837
Miscellaneous	513,047	-	-	513,047
Total revenues	\$ 20,837,001	\$ -	\$ -	\$ 20,837,001
<b>EXPENDITURES</b>				
Current				
General government administration	\$ 3,496,203	\$ 29,693	\$ 7,469	\$ 3,533,365
Public safety	5,518,345	-	-	5,518,345
Economic and physical development	388,389	-	-	388,389
Human services	3,391,416	-	-	3,391,416
Cultural and recreational	341,794	-	-	341,794
Education	2,913,664	-	-	2,913,664
Debt service				
Principal retirement	\$ 858,558	\$ -	\$ -	\$ 858,558
Interest and fees	66,524	-	-	66,524
Total debt service	\$ 925,082	\$ -	\$ -	\$ 925,082
Total expenditures	\$ 16,974,893	\$ 29,693	\$ 7,469	\$ 17,012,055
Excess (deficiency) of revenues over (under) expenditures	\$ 3,862,108	\$ (29,693)	\$ (7,469)	\$ 3,824,946
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 1,214,007	\$ -	\$ 8,346	\$ 1,222,353
Transfers out	(1,180,784)	-	-	(1,180,784)
Sale of capital assets	4,879	-	-	4,879
Total other financing sources (uses)	\$ 38,102	\$ -	\$ 8,346	\$ 46,448
Net change in fund balances	\$ 3,900,210	\$ (29,693)	\$ 877	\$ 3,871,394
Fund balances - beginning	8,945,775	45,239	76,912	9,067,926
Fund balances - ending	\$ 12,845,985	\$ 15,546	\$ 77,789	\$ 12,939,320

## Schedule B-2

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
REVENUES					
Ad valorem taxes:					
Taxes	\$ 11,198,616	\$ 11,198,616	\$ 11,990,474	\$	791,858
Penalties and interest	55,075	55,075	70,649		15,574
Total	\$ 11,253,691	\$ 11,253,691	\$ 12,061,123	\$	807,432
Other taxes:					
Local option sales taxes	\$ 2,793,300	\$ 3,409,450	\$ 4,161,780	\$	752,330
Deed stamp excise tax	160,000	160,000	-		(160,000)
PEG revenue	86,000	86,000	87,109		1,109
Total	\$ 3,039,300	\$ 3,655,450	\$ 4,248,889	\$	593,439
Unrestricted intergovernmental:					
Beer and wine taxes	\$ 41,000	\$ 41,000	\$ 41,842	\$	842
Contribution from Alleghany Board of Education	29,873	29,873	29,874		1
Total	\$ 70,873	\$ 70,873	\$ 71,716	\$	843
Restricted intergovernmental:					
Federal and state grants	\$ 2,601,569	\$ 2,641,545	\$ 2,642,818	\$	1,273
Total	\$ 2,601,569	\$ 2,641,545	\$ 2,642,818	\$	1,273
Permits and fees:					
Register and Deed's fees	\$ 75,000	\$ 75,000	\$ 65,304	\$	(9,696)
Beer and wine permits	1,250	1,250	1,675		425
Building and inspector fees	100,000	100,000	144,268		44,268
Fire inspector fees	3,500	3,500	870		(2,630)
Pistol permits	14,500	14,500	13,167		(1,333)
Other permits and fees	2,750	2,750	899		(1,851)
Total	\$ 197,000	\$ 197,000	\$ 226,183	\$	29,183
Sales and services:					
Boarding of prisoners	\$ 128,000	\$ 128,000	\$ 188,224	\$	60,224
Facility fees	9,000	9,000	12,379		3,379
Officer fees	24,400	26,299	30,315		4,016
Jail fees	36,500	36,600	41,304		4,704
Rents and concessions	60,106	60,106	59,854		(252)
Tag office revenues	50,500	50,500	57,086		6,586
Recreation fees	17,350	17,350	15,294		(2,056)
Ambulance fees	398,000	398,000	573,932		175,932
Total	\$ 723,856	\$ 725,855	\$ 978,388	\$	252,533
Investment earnings:					
Total	\$ 1,200	\$ 6,700	\$ 94,837	\$	88,137
	\$ 1,200	\$ 6,700	\$ 94,837	\$	88,137

## Schedule B-2

Alleghany County, North Carolina  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES (Continued)				
Miscellaneous:				
ABC Store profit-regular	\$ 32,000	\$ 32,000	\$ 6,674	\$ (25,326)
Reimbursements	338,812	338,812	351,647	12,835
Contributions	28,291	39,019	24,162	(14,857)
Miscellaneous	110,300	145,603	111,930	(33,673)
Payments in lieu of tax	16,000	16,000	18,634	2,634
Total	\$ 525,403	\$ 571,434	\$ 513,047	\$ (58,387)
Total revenues	\$ 18,412,892	\$ 19,122,548	\$ 20,837,001	\$ 1,714,453
EXPENDITURES				
General government administration:				
Governing body	\$ 94,662	\$ 90,718	\$ 86,388	\$ 4,330
Administration	368,309	368,455	293,145	75,310
Finance	325,979	330,630	328,822	1,808
Elections	188,937	191,894	179,156	12,738
Planning/Economic development	165,726	166,701	160,189	6,512
Tax administration	504,598	504,598	492,761	11,837
Mapping	94,113	96,210	95,810	400
Court facilities	5,700	7,527	7,527	-
Register of deeds	285,009	286,208	265,970	20,238
Public buildings	682,935	703,578	716,452	(12,874)
Transportation	170,429	170,426	166,943	3,483
Tag office	51,322	51,322	51,307	15
Insurance	471,225	481,353	466,530	14,823
Other general government	194,466	186,402	185,203	1,199
Total general government administration	\$ 3,603,410	\$ 3,636,022	\$ 3,496,203	\$ 139,819
Public safety:				
Sheriff	\$ 2,202,480	\$ 2,133,278	\$ 2,147,200	\$ (13,922)
Roaring Gap deputies	146,834	147,298	146,926	372
Jail	1,033,450	1,144,458	1,114,752	29,706
Dispatchers	471,450	471,576	337,273	134,303
Animal control	73,500	73,805	73,304	501
Fire and rescue	181,024	181,024	168,429	12,595
Emergency management	84,870	89,318	190,286	(100,968)
Ambulance service	1,109,415	1,225,027	1,188,206	36,821
Inspections	157,845	157,845	151,969	5,876
Total public safety	\$ 5,460,868	\$ 5,623,629	\$ 5,518,345	\$ 105,284
Economic and physical development:				
Agricultural extension	\$ 188,323	\$ 188,323	\$ 181,063	\$ 7,260
Soil and water conservation	179,010	179,904	123,992	55,912
Special appropriations	46,000	46,000	46,000	-
Economic development	37,334	37,334	37,334	-
Total economic and physical development	\$ 450,667	\$ 451,561	\$ 388,389	\$ 63,172

## Schedule B-2

Alleghany County, North Carolina  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES (Continued)				
Human services:				
Health	\$ 288,265	\$ 288,894	\$ 288,894	\$ -
Mental health	60,000	60,000	60,000	-
Social services administration	2,056,514	2,066,691	1,936,544	130,147
Other social services	1,420,262	1,420,025	892,151	527,874
Veterans administration	49,210	49,244	49,201	43
Contributions to other agencies	155,978	164,626	164,626	-
Total human services	\$ 4,030,229	\$ 4,049,480	\$ 3,391,416	\$ 658,064
Cultural and recreational:				
Recreation	\$ 162,662	\$ 180,715	\$ 144,728	\$ 35,987
Libraries	185,066	185,066	185,066	-
Other cultural and recreational	12,000	12,000	12,000	-
Total cultural and recreational	\$ 359,728	\$ 377,781	\$ 341,794	\$ 35,987
Education:				
Public schools-current expense	\$ 2,647,156	\$ 2,647,156	\$ 2,647,156	\$ -
Community-based alternatives	83,729	83,729	81,645	2,084
Wilkes Community College	184,863	184,863	184,863	-
Total education	\$ 2,915,748	\$ 2,915,748	\$ 2,913,664	\$ 2,084
Nondepartmental:				
Contingencies	\$ 200,000	\$ 201,606	\$ -	\$ 201,606
Total nondepartmental	\$ 200,000	\$ 201,606	\$ -	\$ 201,606
Debt service:				
Principal retirement	\$ 809,620	\$ 810,978	\$ 858,558	\$ (47,580)
Interest and fees	64,908	64,908	66,524	(1,616)
Total debt service	\$ 874,528	\$ 875,886	\$ 925,082	\$ (49,196)
Total expenditures	\$ 17,895,178	\$ 18,131,713	\$ 16,974,893	\$ 1,156,820
Excess (deficiency) of revenues over (under) expenditures				
	\$ 517,714	\$ 990,835	\$ 3,862,108	\$ 2,871,273
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 1,214,007	\$ 1,214,007
Transfers out	(517,714)	(1,017,714)	(1,180,784)	(163,070)
Sale of capital assets	-	-	4,879	4,879
Appropriated fund balance	-	26,879	-	(26,879)
Total other financing sources (uses)	\$ (517,714)	\$ (990,835)	\$ 38,102	\$ 1,028,937
Net change in fund balance				
	\$ -	\$ -	\$ 3,900,210	\$ 3,900,210
Fund balance - beginning			8,945,775	
Fund balance - ending			\$ 12,845,985	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Revaluation Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
General government administration	\$ 96,089	\$ 96,089	\$ 29,693	\$ 66,396
Total expenditures	\$ 96,089	\$ 96,089	\$ 29,693	\$ 66,396
Excess (deficiency) of revenues over (under) expenditures	\$ (96,089)	\$ (96,089)	\$ (29,693)	\$ 66,396
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Appropriated fund balance	46,089	46,089	-	(46,089)
Total other financing sources (uses)	\$ 96,089	\$ 96,089	\$ -	\$ (96,089)
Net change in fund balance	\$ -	\$ -	\$ (29,693)	\$ (29,693)
Fund balance - beginning			45,239	
Fund balance - ending			\$ 15,546	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Register of Deeds Automation and Preservation Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government administration	\$ 12,500	\$ 12,500	\$ 7,469	\$ 5,031
Total expenditures	\$ 12,500	\$ 12,500	\$ 7,469	\$ 5,031
Excess (deficiency) of revenues over (under) expenditures	\$ (12,500)	\$ (12,500)	\$ (7,469)	\$ 5,031
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 12,500	\$ 12,500	\$ 8,346	\$ (4,154)
Total other financing sources (uses)	\$ 12,500	\$ 12,500	\$ 8,346	\$ (4,154)
Net change in fund balance	\$ -	\$ -	\$ 877	\$ 877
Fund balance - beginning			76,912	
Fund balance - ending			\$ 77,789	



Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
State Capital and Infrastructure Fund Courthouse Fund  
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 2,000,000	\$ 3,180	\$ 28,620	\$ 31,800	\$ (1,968,200)
Total revenues	\$ 2,000,000	\$ 3,180	\$ 28,620	\$ 31,800	\$ (1,968,200)
<b>EXPENDITURES</b>					
Capital outlay	\$ 2,000,000	\$ 3,180	\$ 28,620	\$ 31,800	\$ 1,968,200
Total expenditures	\$ 2,000,000	\$ 3,180	\$ 28,620	\$ 31,800	\$ 1,968,200
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
State Capital and Infrastructure Fund Pool Fund  
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 400,000	\$ -	\$ 15,990	\$ 15,990	\$ (384,010)
Total revenues	\$ 400,000	\$ -	\$ 15,990	\$ 15,990	\$ (384,010)
<b>EXPENDITURES</b>					
Capital outlay	\$ 400,000	\$ -	\$ 15,990	\$ 15,990	\$ 384,010
Total expenditures	\$ 400,000	\$ -	\$ 15,990	\$ 15,990	\$ 384,010
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	Special Revenue Funds	Capital Projects Funds	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 881,523	\$ 1,546,416	\$ 2,427,939
Receivables (net of allowance for uncollectibles):			
Taxes receivable	26,539	-	26,539
Accounts receivable	155,455	-	155,455
Restricted assets:			
Cash and cash equivalents	27,381	-	27,381
Total assets	<u>\$ 1,090,898</u>	<u>\$ 1,546,416</u>	<u>\$ 2,637,314</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 291,236	\$ 13,512	\$ 304,748
Accrued salaries	3,073	-	3,073
Unearned revenue	114,800	100,000	214,800
Total liabilities	<u>\$ 409,109</u>	<u>\$ 113,512</u>	<u>\$ 522,621</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - ad valorem taxes receivable	\$ 19,526	-	\$ 19,526
<b>FUND BALANCES</b>			
Restricted:			
Stabilization by State Statute	\$ 162,468	-	\$ 162,468
Emergency Telephone System	196,380	-	196,380
Other	27,381	-	27,381
Recreation	-	98,364	98,364
Assigned	319,440	1,334,540	1,653,980
Unassigned	(43,406)	-	(43,406)
Total fund balances	<u>\$ 662,263</u>	<u>\$ 1,432,904</u>	<u>\$ 2,095,167</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,090,898</u>	<u>\$ 1,546,416</u>	<u>\$ 2,637,314</u>

Alleghany County, North Carolina  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

	Special Revenue Funds	Capital Project Funds	Total
<b>REVENUES</b>			
Ad valorem taxes	\$ 903,902	\$ -	\$ 903,902
Other taxes	243,606	-	243,606
Restricted intergovernmental	2,011,078	36,594	2,047,672
Permits and fees	19,677	-	19,677
Service and fees	38,960	-	38,960
Miscellaneous	106,582	-	106,582
Total revenues	<u>\$ 3,323,805</u>	<u>\$ 36,594</u>	<u>\$ 3,360,399</u>
<b>EXPENDITURES</b>			
General government administration	\$ 684,592	\$ -	\$ 684,592
Public safety	1,072,584	-	1,072,584
Economic and physical development	6,827	-	6,827
Environmental protection	(644)	-	(644)
Human services	370,715	-	370,715
Capital outlay	243,289	681,740	925,029
Total expenditures	<u>\$ 2,377,363</u>	<u>\$ 681,740</u>	<u>\$ 3,059,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 946,442</u>	<u>\$ (645,146)</u>	<u>\$ 301,296</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 286,343	\$ 886,095	\$ 1,172,438
Transfers out	(1,214,007)	-	(1,214,007)
Total other financing sources (uses)	<u>\$ (927,664)</u>	<u>\$ 886,095</u>	<u>\$ (41,569)</u>
Net change in fund balances	\$ 18,778	\$ 240,949	\$ 259,727
Fund balances - beginning	643,485	1,191,955	1,835,440
Fund balances - ending	<u><u>\$ 662,263</u></u>	<u><u>\$ 1,432,904</u></u>	<u><u>\$ 2,095,167</u></u>

Alleghany County, North Carolina  
Combining Balance Sheet  
Normal Special Revenue Funds  
June 30, 2023

	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone System Fund	Soil and Water Fund	Representative Payee Fund	Earthquake Fund	Deed of Trust Fund	Fire Tax Fund	Fines and Forfeitures Fund	Opoid Settlement Fund	DPS Law Enforcement Grant Fund	ARPA Fund	Total
<b>ASSETS</b>														
Cash and cash equivalents	\$ 287,261	\$ 21,783	\$ -	\$ 196,387	\$ 727	\$ 35,586	\$ 156,009	\$ 17,709	\$ 47,460	\$ 3,003	\$ 114,480	\$ 1,118	\$ -	\$ 881,523
Receivables (net of allowance for uncollectibles):														
Taxes receivable	-	-	-	-	-	-	-	-	26,539	-	-	-	-	26,539
Accounts receivable	20,751	-	-	10,013	-	-	124,691	-	-	-	-	-	-	155,455
Restricted assets:														
Cash and cash equivalents	-	-	27,381	-	-	-	-	-	-	-	-	-	-	27,381
Total assets	\$ 308,012	\$ 21,783	\$ 27,381	\$ 206,400	\$ 727	\$ 35,586	\$ 280,700	\$ 17,709	\$ 73,999	\$ 3,003	\$ 114,480	\$ 1,118	\$ -	\$ 1,090,898
<b>LIABILITIES</b>														
Accounts payable	\$ 20,208	\$ 3,051	\$ -	\$ 7	\$ -	\$ -	\$ 199,415	\$ 17,709	\$ 47,045	\$ 3,003	\$ -	\$ 798	\$ -	\$ 291,236
Accrued salaries	3,073	-	-	-	-	-	-	-	-	-	-	-	-	3,073
Unearned revenue	-	-	-	-	-	-	-	-	-	-	114,480	320	-	114,800
Total liabilities	\$ 23,281	\$ 3,051	\$ -	\$ 7	\$ -	\$ -	\$ 199,415	\$ 17,709	\$ 47,045	\$ 3,003	\$ 114,480	\$ 1,118	\$ -	\$ 409,109
<b>DEFERRED INFLOWS OF RESOURCES</b>														
Unavailable revenue - ad valorem taxes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,526	\$ -	\$ -	\$ -	\$ -	\$ 19,526
<b>FUND BALANCES</b>														
Restricted:														
Stabilization by State Statute	\$ 20,751	\$ -	\$ -	\$ 10,013	\$ -	\$ -	\$ 124,691	\$ -	\$ 7,013	\$ -	\$ -	\$ -	\$ -	\$ 162,468
Emergency Telephone System	-	-	-	196,380	-	-	-	-	-	-	-	-	-	196,380
Other	-	-	27,381	-	-	-	-	-	-	-	-	-	-	27,381
Assigned	263,980	18,732	-	-	727	35,586	-	-	415	-	-	-	-	319,440
Unassigned	-	-	-	-	-	-	(43,406)	-	-	-	-	-	-	(43,406)
Total fund balances	\$ 284,731	\$ 18,732	\$ 27,381	\$ 206,393	\$ 727	\$ 35,586	\$ 81,285	\$ -	\$ 7,428	\$ -	\$ -	\$ -	\$ -	\$ 662,263
Total liabilities and fund balances	\$ 308,012	\$ 21,783	\$ 27,381	\$ 206,400	\$ 727	\$ 35,586	\$ 280,700	\$ 17,709	\$ 73,999	\$ 3,003	\$ 114,480	\$ 1,118	\$ -	\$ 1,090,898

Allegheny County, North Carolina  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2023

	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone System Fund	Soil and Water Fund	Representative Payee Fund	Earthquake Fund	Deed of Trust Fund	Fire Tax Fund	Fines and Forfeitures Fund	Opioid Settlement Fund	Law Enforcement Grant Fund	ARPA Fund	Total
<b>REVENUES</b>														
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 903,902	\$ -	\$ -	\$ -	\$ -	\$ 903,902
Other taxes	-	-	-	-	-	-	-	243,606	-	-	-	-	-	243,606
Restricted intergovernmental	110,670	-	5,120	120,151	-	86,956	524,750	-	-	-	10,000	71,815	1,081,616	2,011,078
Permits and fees	-	-	-	-	-	-	-	19,677	-	-	-	-	-	19,677
Service and fees	-	10,010	-	-	-	-	-	-	-	28,950	-	-	-	38,960
Miscellaneous	106,582	-	-	-	-	-	-	-	-	-	-	-	-	106,582
Total revenues	\$ 217,252	\$ 10,010	\$ 5,120	\$ 120,151	\$ -	\$ 86,956	\$ 524,750	\$ 263,283	\$ 903,902	\$ 28,950	\$ 10,000	\$ 71,815	\$ 1,081,616	\$ 3,323,805
<b>EXPENDITURES</b>														
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 524,750	\$ 130,892	\$ -	\$ 28,950	\$ -	\$ -	\$ -	\$ 684,592
Public safety	-	-	29,822	126,992	-	-	-	-	800,901	-	-	71,815	43,054	1,072,584
Economic and physical development	-	6,827	-	-	-	-	-	-	-	-	-	-	-	6,827
Environmental protection	-	-	-	-	(644)	-	-	-	-	-	-	-	-	(644)
Human services	279,520	-	-	-	-	81,195	-	-	-	-	10,000	-	-	370,715
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	243,289	243,289
Total expenditures	\$ 279,520	\$ 6,827	\$ 29,822	\$ 126,992	\$ (644)	\$ 81,195	\$ 524,750	\$ 130,892	\$ 800,901	\$ 28,950	\$ 10,000	\$ 71,815	\$ 286,343	\$ 2,377,363
Excess (deficiency) of revenues over (under) expenditures	\$ (62,268)	\$ 3,183	\$ (24,702)	\$ (6,841)	\$ 644	\$ 5,761	\$ -	\$ 132,391	\$ 103,001	\$ -	\$ -	\$ -	\$ 795,273	\$ 946,442
<b>OTHER FINANCING SOURCES (USES)</b>														
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,343	\$ 286,343
Transfers out	-	-	-	-	-	-	-	(132,391)	-	-	-	-	(1,081,616)	(1,214,007)
Total other financing sources (uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (132,391)	\$ -	\$ -	\$ -	\$ -	\$ (795,273)	\$ (927,664)
Net change in fund balances	\$ (62,268)	\$ 3,183	\$ (24,702)	\$ (6,841)	\$ 644	\$ 5,761	\$ -	\$ -	\$ 103,001	\$ -	\$ -	\$ -	\$ -	\$ 18,778
Fund balances - beginning	346,999	15,549	52,083	213,234	83	29,825	81,285	-	(95,573)	-	-	-	-	643,485
Fund balances - ending	\$ 284,731	\$ 18,732	\$ 27,381	\$ 206,393	\$ 727	\$ 35,586	\$ 81,285	\$ -	\$ 7,428	\$ -	\$ -	\$ -	\$ -	\$ 662,263

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Transportation Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 214,266	\$ 214,266	\$ 110,670	\$ (103,596)
Miscellaneous	119,500	119,500	106,582	(12,918)
Total revenues	\$ 333,766	\$ 333,766	\$ 217,252	\$ (116,514)
<b>EXPENDITURES</b>				
Human services	\$ 465,694	\$ 489,784	\$ 279,520	\$ 210,264
Total expenditures	\$ 465,694	\$ 489,784	\$ 279,520	\$ 210,264
Excess (deficiency) of revenues over (under) expenditures	\$ (131,928)	\$ (156,018)	\$ (62,268)	\$ 93,750
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)
Appropriated fund balance	129,428	153,518	-	(153,518)
Total other financing sources (uses)	\$ 131,928	\$ 156,018	\$ -	\$ (156,018)
Net change in fund balance	\$ -	\$ -	\$ (62,268)	\$ (62,268)
Fund balance - beginning			346,999	
Fund balance - ending			\$ 284,731	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Fairgrounds Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Service and fees	\$ 20,000	\$ 20,000	\$ 10,010	\$ (9,990)
Total revenues	\$ 20,000	\$ 20,000	\$ 10,010	\$ (9,990)
<b>EXPENDITURES</b>				
Economic and physical development	\$ 25,721	\$ 25,721	\$ 6,827	\$ 18,894
Total expenditures	\$ 25,721	\$ 25,721	\$ 6,827	\$ 18,894
Excess (deficiency) of revenues over (under) expenditures	\$ (5,721)	\$ (5,721)	\$ 3,183	\$ 8,904
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	\$ 5,721	\$ 5,721	\$ -	\$ (5,721)
Total other financing sources (uses)	\$ 5,721	\$ 5,721	\$ -	\$ (5,721)
Net change in fund balance	\$ -	\$ -	\$ 3,183	\$ 3,183
Fund balance - beginning			15,549	
Fund balance - ending			\$ 18,732	



Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Drug Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ -	\$ 5,120	\$ 5,120
Total revenues	\$ -	\$ -	\$ 5,120	\$ 5,120
<b>EXPENDITURES</b>				
Public safety	\$ 54,105	\$ 54,105	\$ 29,822	\$ 24,283
Total expenditures	\$ 54,105	\$ 54,105	\$ 29,822	\$ 24,283
Excess (deficiency) of revenues over (under) expenditures	\$ (54,105)	\$ (54,105)	\$ (24,702)	\$ 29,403
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	\$ 54,105	\$ 54,105	\$ -	\$ (54,105)
Total other financing sources (uses)	\$ 54,105	\$ 54,105	\$ -	\$ (54,105)
Net change in fund balance	\$ -	\$ -	\$ (24,702)	\$ (24,702)
Fund balance - beginning			52,083	
Fund balance - ending			\$ 27,381	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Emergency Telephone System Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 226,864	\$ 215,093	\$ 120,151	\$ (94,942)
Total revenues	\$ 226,864	\$ 215,093	\$ 120,151	\$ (94,942)
<b>EXPENDITURES</b>				
Public safety				
Implemental functions	\$ 6,000	\$ 6,000	\$ 4,179	\$ 1,821
Telephone	158,007	144,236	58,597	85,639
Software and software maintenance	62,857	64,857	64,216	641
Total public safety	\$ 226,864	\$ 215,093	\$ 126,992	\$ 88,101
Total expenditures	\$ 226,864	\$ 215,093	\$ 126,992	\$ 88,101
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (6,841)	\$ (6,841)
Net change in fund balance	\$ -	\$ -	\$ (6,841)	\$ (6,841)
Fund balance - beginning			213,234	
Fund balance - ending			\$ 206,393	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Soil and Water Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Environmental protection	\$ -	\$ -	\$ (644)	\$ 644
Total expenditures	\$ -	\$ -	\$ (644)	\$ 644
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 644	\$ 644
Net change in fund balance	\$ -	\$ -	\$ 644	\$ 644
Fund balance - beginning	-	-	83	83
Fund balance - ending	\$ -	\$ -	\$ 727	\$ 727

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Representative Payee Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ -	\$ 86,956	\$ 86,956
Total revenues	\$ -	\$ -	\$ 86,956	\$ 86,956
<b>EXPENDITURES</b>				
Human services	\$ -	\$ -	\$ 81,195	\$ (81,195)
Total expenditures	\$ -	\$ -	\$ 81,195	\$ (81,195)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 5,761	\$ 5,761
Net change in fund balance	\$ -	\$ -	\$ 5,761	\$ 5,761
Fund balance - beginning	-	-	29,825	29,825
Fund balance - ending	\$ -	\$ -	\$ 35,586	\$ 35,586

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Earthquake Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ 329,509	\$ 524,750	\$ 195,241
Total revenues	\$ -	\$ 329,509	\$ 524,750	\$ 195,241
<b>EXPENDITURES</b>				
General government administration	\$ -	\$ 329,509	\$ 524,750	\$ (195,241)
Total expenditures	\$ -	\$ 329,509	\$ 524,750	\$ (195,241)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	81,285	81,285
Fund balance - ending	\$ -	\$ -	\$ 81,285	\$ 81,285

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Deed of Trust Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other taxes	\$ 270,000	\$ 270,000	\$ 243,606	\$ (26,394)
Permits and fees	118,600	118,600	19,677	(98,923)
Total revenues	\$ 388,600	\$ 388,600	\$ 263,283	\$ (125,317)
<b>EXPENDITURES</b>				
General government administration	\$ 151,800	\$ 151,800	\$ 130,892	\$ 20,908
Total expenditures	\$ 151,800	\$ 151,800	\$ 130,892	\$ 20,908
Excess (deficiency) of revenues over (under) expenditures	\$ 236,800	\$ 236,800	\$ 132,391	\$ (104,409)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ (236,800)	\$ (236,800)	\$ (132,391)	\$ 104,409
Total other financing sources (uses)	\$ (236,800)	\$ (236,800)	\$ (132,391)	\$ 104,409
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Fire Tax Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 849,735	\$ 849,735	\$ 903,902	54,167
Total revenues	\$ 849,735	\$ 849,735	\$ 903,902	\$ 54,167
<b>EXPENDITURES</b>				
Public safety	\$ 849,735	\$ 849,735	\$ 800,901	\$ 48,834
Total expenditures	\$ 849,735	\$ 849,735	\$ 800,901	\$ 48,834
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 103,001	\$ 103,001
Net change in fund balance	\$ -	\$ -	\$ 103,001	\$ 103,001
Fund balance - beginning	-	-	(95,573)	(95,573)
Fund balance - ending	\$ -	\$ -	\$ 7,428	\$ 7,428

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Fine and Forfeitures Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Service and fees	\$ 60,000	\$ 60,000	\$ 28,950	\$ (31,050)
Total revenues	\$ 60,000	\$ 60,000	\$ 28,950	\$ (31,050)
<b>EXPENDITURES</b>				
General government administration	\$ 60,000	\$ 60,000	\$ 28,950	\$ 31,050
Total expenditures	\$ 60,000	\$ 60,000	\$ 28,950	\$ 31,050
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -



Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Opioid Settlement Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ 36,889	\$ 10,000	\$ (26,889)
Total revenues	\$ -	\$ 36,889	\$ 10,000	\$ (26,889)
<b>EXPENDITURES</b>				
Human services	\$ -	\$ 36,889	\$ 10,000	\$ 26,889
Total expenditures	\$ -	\$ 36,889	\$ 10,000	\$ 26,889
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
DPS Law Enforcement Grant Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ 72,135	\$ 71,815	\$ (320)
Total revenues	\$ -	\$ 72,135	\$ 71,815	\$ (320)
<b>EXPENDITURES</b>				
Public safety	\$ -	\$ 72,135	\$ 71,815	\$ 320
Total expenditures	\$ -	\$ 72,135	\$ 71,815	\$ 320
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
ARPA Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Restricted intergovernmental	\$ 1,081,616	\$ 1,081,616	\$ 1,081,616	\$ -
Total revenues	\$ 1,081,616	\$ 1,081,616	\$ 1,081,616	\$ -
<b>EXPENDITURES</b>				
Public safety	\$ -	\$ 43,055	\$ 43,054	\$ 1
Capital outlay	1,081,616	1,046,842	243,289	803,553
Total expenditures	\$ 1,081,616	\$ 1,089,897	\$ 286,343	\$ 803,554
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (8,281)	\$ 795,273	\$ 803,554
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 286,343	\$ 286,343
Transfers out	-	-	(1,081,616)	\$ (1,081,616)
Appropriated fund balance	-	8,281	-	\$ (8,281)
Total other financing sources (uses)	\$ -	\$ 8,281	\$ (795,273)	\$ (803,554)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

Alleghany County, North Carolina  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2023

	School Capital Project Fund	Outdoor Recreation Capital Project Fund	State Capital and Infrastructure Fund Capital Project Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,348,052	\$ 98,364	\$ 100,000	\$ 1,546,416
Total assets	<u>\$ 1,348,052</u>	<u>\$ 98,364</u>	<u>\$ 100,000</u>	<u>\$ 1,546,416</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 13,512	\$ -	\$ -	\$ 13,512
Unearned revenue	-	-	100,000	100,000
Total liabilities	<u>\$ 13,512</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 113,512</u>
<b>FUND BALANCES</b>				
Restricted:				
Recreation	\$ -	\$ 98,364	\$ -	\$ 98,364
Assigned	1,334,540	-	-	1,334,540
Total fund balances	<u>\$ 1,334,540</u>	<u>\$ 98,364</u>	<u>\$ -</u>	<u>\$ 1,432,904</u>
Total liabilities and fund balances	<u>\$ 1,348,052</u>	<u>\$ 98,364</u>	<u>\$ 100,000</u>	<u>\$ 1,546,416</u>

Alleghany County, North Carolina  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Capital Project Funds  
For the Year Ended June 30, 2023

	School Capital Project Fund	Outdoor Recreation Capital Project Fund	State Capital and Infrastructure Fund Capital Project Fund	Total
<b>REVENUES</b>				
Restricted intergovernmental	\$ -	\$ -	\$ 36,594	\$ 36,594
Total revenues	\$ -	\$ -	\$ 36,594	\$ 36,594
<b>EXPENDITURES</b>				
Cultural and recreational	\$ -	\$ -	\$ -	\$ -
Capital outlay	645,146	-	36,594	681,740
Total expenditures	\$ 645,146	\$ -	\$ 36,594	\$ 681,740
Excess (deficiency) of revenues over (under) expenditures	\$ (645,146)	\$ -	\$ -	\$ (645,146)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 886,095	\$ -	\$ -	\$ 886,095
Total other financing sources (uses)	\$ 886,095	\$ -	\$ -	\$ 886,095
Net change in fund balances	\$ 240,949	\$ -	\$ -	\$ 240,949
Fund balances - beginning	1,093,591	98,364	-	1,191,955
Fund balances - ending	\$ 1,334,540	\$ 98,364	\$ -	\$ 1,432,904

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
School Capital Projects Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital outlay				
Education	\$ 820,882	\$ 820,882	\$ 645,146	\$ 175,736
Total expenditures	\$ 820,882	\$ 820,882	\$ 645,146	\$ 175,736
Excess (deficiency) of revenues over (under) expenditures	\$ (820,882)	\$ (820,882)	\$ (645,146)	\$ 175,736
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 517,714	\$ 517,714	\$ 886,095	\$ 368,381
Appropriated fund balance	303,168	303,168	-	(303,168)
Total other financing sources (uses)	\$ 820,882	\$ 820,882	\$ 886,095	\$ 65,213
Net change in fund balance	\$ -	\$ -	\$ 240,949	\$ 240,949
Fund balance - beginning			1,093,591	
Fund balance - ending			\$ 1,334,540	

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Outdoor Recreation Capital Project Fund  
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>					
Cultural and recreational	\$ 143,903	\$ 45,539	\$ -	\$ 45,539	\$ 98,364
Total expenditures	\$ 143,903	\$ 45,539	\$ -	\$ 45,539	\$ 98,364
Excess (deficiency) of revenues over (under) expenditures	\$ (143,903)	\$ (45,539)	\$ -	\$ (45,539)	\$ 98,364
<b>OTHER FINANCING SOURCES (USES)</b>					
Appropriated fund balance	\$ 143,903	\$ 143,903	\$ -	\$ 143,903	\$ -
Total other financing sources (uses)	\$ 143,903	\$ 143,903	\$ -	\$ 143,903	\$ -
Net change in fund balance	\$ -	\$ 98,364	\$ -	\$ 98,364	\$ 98,364

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
State Capital and Infrastructure Fund Capital Project Fund  
For the Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>					
Restricted intergovernmental	\$ 200,000	\$ 63,406	\$ 36,594	\$ 100,000	\$ (100,000)
Total revenues	\$ 200,000	\$ 63,406	\$ 36,594	\$ 100,000	\$ (100,000)
<b>EXPENDITURES</b>					
Capital outlay	\$ 200,000	\$ 63,406	\$ 36,594	\$ 100,000	\$ 100,000
Total expenditures	\$ 200,000	\$ 63,406	\$ 36,594	\$ 100,000	\$ 100,000
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -



Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)  
Landfill Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Operating revenues				
Charges for services:				
Solid waste charges	\$ 1,122,000	\$ 1,212,000	\$ 1,282,406	\$ 70,406
Restricted intergovernmental:				
Federal and state grants	-	-	2,000	2,000
Total operating revenues	\$ 1,122,000	\$ 1,212,000	\$ 1,284,406	\$ 72,406
Nonoperating revenues				
Restricted intergovernmental	\$ 100,000	\$ 100,000	\$ 375	\$ (99,625)
Total nonoperating revenues	\$ 100,000	\$ 100,000	\$ 375	\$ (99,625)
Total revenues	\$ 1,222,000	\$ 1,312,000	\$ 1,284,781	\$ (27,219)
EXPENDITURES				
Landfill operations				
Salaries and employee benefits	\$ 207,645	\$ 207,225	\$ 201,071	\$ 6,154
Disposal costs	619,500	705,500	700,141	5,359
Maintenance services	145,100	149,100	42,886	106,214
Capital outlay	91,095	91,070	39,679	51,391
Debt service	158,660	158,685	171,254	(12,569)
Total expenditures	\$ 1,222,000	\$ 1,311,580	\$ 1,155,031	\$ 156,549
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 420	\$ 129,750	\$ 129,330
OTHER FINANCING SOURCES (USES)				
Other	\$ -	\$ (420)	\$ -	\$ (420)
Total other financing sources (uses)	\$ -	\$ (420)	\$ -	\$ (420)
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	\$ 129,750	\$ 129,750
Reconciliation from Budgetary Basis (Modified Accrual to Full Accrual):				
Revenues and other financing sources over expenditures			\$ 129,750	
Reconciling items:				
Depreciation			(103,382)	
(Increase) decrease in compensated absences			(5,003)	
Principal payments			36,868	
(Increase) decrease in accrued landfill post-closure care costs			(29,814)	
Pension expense			(7,949)	
OPEB expense			7,922	
Change in net position			\$ 28,392	

Alleghany County, North Carolina  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2023

	Custodial Funds			
	Jail Inmate Fund	Town of Sparta Tax Fund	Library Trust Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,070	\$ 5,385	\$ 39	\$ 6,494
Other receivables	-	7,220	-	7,220
Total assets	\$ 1,070	\$ 12,605	\$ 39	\$ 13,714
<b>LIABILITIES</b>				
Due to other governmental units	\$ -	\$ 12,605	\$ -	12,605
Total liabilities	\$ -	\$ 12,605	\$ -	\$ 12,605
<b>NET POSITION</b>				
Restricted:				
Benefit of the inmates	\$ 1,070	\$ -	\$ -	\$ 1,070
Held in trust	-	-	39	39
Total net position	\$ 1,070	\$ -	\$ 39	\$ 1,109

Alleghany County, North Carolina  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2023

	Custodial Funds			
	Jail Inmate Fund	Town of Sparta Tax Fund	Library Trust Fund	Total
<b>ADDITIONS</b>				
Inmate deposits	\$ 49,087	\$ -	\$ -	\$ 49,087
Ad valorem taxes	-	83,930	-	83,930
Total additions	\$ 49,087	\$ 83,930	\$ -	\$ 133,017
<b>DEDUCTIONS</b>				
Canteen sales	\$ 36,966	\$ -	\$ -	\$ 36,966
Inmate refunds	12,162	-	-	12,162
Payments to Town of Sparta	-	83,930	-	83,930
Total deductions	\$ 49,128	\$ 83,930	\$ -	\$ 133,058
Change in net position	\$ (41)	\$ -	\$ -	\$ (41)
Net position - beginning	1,111	-	39	1,150
Net position - ending	\$ 1,070	\$ -	\$ 39	\$ 1,109

Alleghany County, North Carolina  
Schedule of Ad Valorem Taxes Receivable  
General Fund  
For the Year Ended June 30, 2023

Fiscal Year	Balance June 30, 2022	Additions	Collections and Credits	Balance June 30, 2023
2022-2023	\$ -	\$ 12,007,935	\$ 11,785,225	\$ 222,710
2021-2022	188,937	-	155,391	33,546
2020-2021	38,423	-	29,669	8,754
2019-2020	12,214	-	8,302	3,912
2018-2019	8,284	-	5,019	3,265
2017-2018	5,332	-	1,700	3,632
2016-2017	875	-	403	472
2015-2016	1,248	-	299	949
2014-2015	690	-	87	603
2013-2014	1,382	-	83	1,299
2012-2013	8,047	-	8,047	-
Total	<u>\$ 265,432</u>	<u>\$ 12,007,935</u>	<u>\$ 11,994,225</u>	<u>\$ 279,142</u>
Less: Allowance for Uncollectible Accounts-General Fund				(23,125)
Ad valorem taxes receivable, net-General Fund				<u>\$ 256,017</u>
Reconciliation with Revenues:				
Ad valorem taxes-General Fund				\$ 12,061,123
Reconciling items:				
Interest and penalties collected				(70,649)
Other adjustments				(4,296)
Taxes written off				8,047
Total reconciling items				<u>\$ (66,898)</u>
Total collections and credits				<u>\$ 11,994,225</u>

Alleghany County, North Carolina  
 Analysis of Current Tax Levy  
 General Fund  
 For the Year Ended June 30, 2023

	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	\$ 1,979,274,874	0.5970	\$ 11,816,271	\$ 10,814,985	\$ 1,001,286
Discoveries					
Current year taxes	\$ 59,986,265	0.5970	\$ 358,118	\$ 358,118	\$ -
Abatements	<u>(27,881,742)</u>	0.5970	<u>(166,454)</u>	<u>(166,454)</u>	<u>-</u>
Total property valuation	\$ 2,011,379,397				
Net Levy			\$ 12,007,935	\$ 11,006,649	\$ 1,001,286
Uncollected taxes at June 30, 2023			<u>222,710</u>	<u>222,710</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 11,785,225</u>	<u>\$ 10,783,939</u>	<u>\$ 1,001,286</u>
Current Levy Collection Percentage			<u>98.15%</u>	<u>97.98%</u>	<u>100.00%</u>

**Alleghany County, North Carolina**  
**Balance Sheet**  
**Tourism Development Authority**  
**(A Component Unit of Alleghany County, North Carolina)**  
**June 30, 2023**

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	<b>Tourism Development Authority</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 312,419
Accounts receivable	18,037
Total assets	<u>\$ 330,456</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,219
Total liabilities	<u>\$ 6,219</u>
<b>FUND BALANCE</b>	
Unassigned	\$ 324,237
Total fund balance	<u>\$ 324,237</u>

The Tourism Development Authority's fund balance and net position are the same.

Alleghany County, North Carolina  
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Tourism Development Authority  
(A Component Unit of Alleghany County, North Carolina)  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Occupancy tax	\$ 96,810	\$ 96,810	\$ 216,834	\$ 120,024
Total revenues	\$ 96,810	\$ 96,810	\$ 216,834	\$ 120,024
<b>EXPENDITURES</b>				
Economic and physical development				
Tourism development	\$ 196,810	\$ 270,250	\$ 134,362	\$ 135,888
Total economic and physical development	\$ 196,810	\$ 270,250	\$ 134,362	\$ 135,888
Total expenditures	\$ 196,810	\$ 270,250	\$ 134,362	\$ 135,888
Excess (deficiency) of revenues over (under) expenditures	\$ (100,000)	\$ (173,440)	\$ 82,472	\$ 255,912
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	\$ 100,000	\$ 173,440	\$ -	\$ (173,440)
Total other financing sources (uses)	\$ 100,000	\$ 173,440	\$ -	\$ (173,440)
Net change in fund balance	\$ -	\$ -	\$ 82,472	\$ 82,472

The Tourism Development Authority's fund balance and net position are the same.



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

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**The Board of Commissioners  
Alleghany County  
Sparta, North Carolina**

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Alleghany County, North Carolina as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Alleghany County, North Carolina's basic financial statements and have issued our report thereon dated November 17, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies, as items 2023-001, 2023-002, and 2023-003, that we consider to be material weaknesses.



## Report on Compliance and Other Matters

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

## Alleghany County, North Carolina's Response to Findings

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

## Purpose of This Report

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



Blacksburg, Virginia  
November 17, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control  
over Compliance Required by the Uniform Guidance and State Single Audit Implementation Act**

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The Board of Commissioners  
Alleghany County  
Sparta, North Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Alleghany County, North Carolina's 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 Alleghany County, North Carolina's major federal programs for the year ended June 30, 2023. Alleghany County, North Carolina's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alleghany County, North Carolina 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 Auditors' Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*Robinson, Famer, Cox Associates*

Blacksburg, Virginia  
November 17, 2023



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

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The Board of Commissioners  
Alleghany County  
Sparta, North Carolina

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Alleghany County, North Carolina's compliance with the types of compliance requirements described in 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 Alleghany County, North Carolina's major state programs for the year ended June 30, 2023. Alleghany County, North Carolina's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alleghany County, North Carolina 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, 2023.

***Basis for Opinion on Each Major State Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditors' Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

*Robinson, James, Cox Associates*

Blacksburg, Virginia

November 17, 2023

Alleghany County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	State/Pass-through Grantor's Number		Federal (Direct & Pass-through) Expenditures	State Expenditures
<b>Department Health and Human Services:</b>					
Pass Through Payments:					
North Carolina Division of Social Services:					
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Not available		\$ 76,534	\$ -
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not available		14,142	-
Temporary Assistance for Needy Families					
Administration	93.558	2101NCTANF	\$ 33,902		
Work First Service	93.558	2101NCTANF	83,784	117,686	-
Child Support Enforcement	93.563	2104NC4005		119,402	(73)
Refugee and Entrant Assistance State/Replacement Designee					
Administered Programs	93.566	Not available		(1,178)	-
Low-Income Home Energy Assistance					
Administration	93.568	G21B1NCLIEA	\$ 107,745		
Crisis Intervention Program	93.568	G21B1NCLIEA	44,165	151,910	-
Child Care and Development Fund Cluster:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G2001NCCCDF		71,261	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2101NCPERP		2,817	-
Foster Care - Title IV-E					
Administration	93.658	21021NCFOST	\$ 151,354		5,513
Direct Benefit Payments	93.658	21021NCFOST	190,789	342,143	56,165
Adoption Assistance	93.659	2101NCADPT		140	-
Social Services Block Grant	93.667	G2101NCSOSR		102,789	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Not available		12,222	1,463
Children's Health Insurance Program	93.767	Not available		19,250	429
Medicaid Cluster:					
Medical Assistance Program	93.778	XIX-MAP20		413,791	57,922
Total Department of Health and Human Services				\$ 1,442,909	\$ 121,419
<b>Department of Agriculture:</b>					
Pass Through Payments:					
North Carolina Division of Social Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	215NC406S2514		\$ 183,809	\$ -
Total Department of Agriculture				\$ 183,809	\$ -
<b>Department of Justice:</b>					
Pass Through Payments:					
North Carolina Department of Public Safety - Gov. Crime Commission:					
Violence Against Women Formula Grants	16.588	15JOVW-22-GG-00436-STOP		\$ 59,061	\$ -
Crime Victim Assistance	16.575	15POVC-22-GG-00774-ASSI		113,196	-
Total Department of Justice				\$ 172,257	\$ -
<b>Department of Transportation:</b>					
Pass Through Payments:					
North Carolina Department of Transportation:					
Formula Grants for Rural Areas and Tribal Transit Program					
Administration	20.509	36233.4.23.4	\$ 1,814	\$ 5,458	
Capital	20.509		-	228	\$ 5,686
COVID-19 Administration	20.509	49233.3.1.2	87,362	\$ 89,176	-
Transit Services Program Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.13.11.2		10,000	-
Total Department of Transportation				\$ 99,176	\$ 5,686
<b>Department of Homeland Security:</b>					
Pass Through Payments:					
North Carolina Department of Public Safety:					
Emergency Management Performance Grants	97.042	EMA-2022-EP-00005-2220003		\$ 39,032	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	187986-724		5,236	-
Total Department of Homeland Security				\$ 44,268	\$ -
<b>Department of Treasury:</b>					
Direct:					
North Carolina Office of State Budget and Management:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable		\$ 1,081,616	\$ -
Total Department of Treasury				\$ 1,081,616	\$ -



Alleghany County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	State/Pass-through Grantor's Number	Federal Direct & Pass-through Expenditures	State Expenditures
<b>N.C. Department of Health and Human Services</b>				
Administration				
Child Welfare/CPS/CS			\$ -	\$ 65,756
Direct Benefit Payments				
State Foster Home			-	220,128
<b>Total N.C. Department of Health and Human Services</b>			<u>\$ -</u>	<u>\$ 285,884</u>
<b>N.C. Department of Environmental Quality</b>				
S&W Conservation - Wetland Cost Share			\$ -	\$ 25,214
Scrap Tire Program			-	375
Community Waste Reduction and Recycling Program			-	2,000
<b>Total N.C. Department of Environmental Quality</b>			<u>\$ -</u>	<u>\$ 27,589</u>
<b>N.C. Department of Public Safety</b>				
Juvenile Crime Prevention Programs			\$ -	\$ 69,774
N.C. State Recovery Fund			-	71,815
<b>Total N.C. Department of Public Safety</b>			<u>\$ -</u>	<u>\$ 141,589</u>
<b>N.C. Office of State Budget and Management</b>				
N.C. Earthquake Recovery			\$ -	\$ 524,750
N.C. Register of Deeds			-	2,166
N.C. State Capital Infrastructure Fund			-	81,204
<b>Total N.C. Office of State Budget and Management</b>			<u>\$ -</u>	<u>\$ 608,120</u>
<b>N.C. Department of Transportation</b>				
ROAP-Elderly and Disabled Transportation Assistance Program			\$ -	\$ 61,049
ROAP-Rural General Public Program			-	17,168
ROAP Rural STI Grant			-	18,106
ROAP Work First Transitional-Employment			-	2,268
<b>Total N.C. Office of State Budget and Management</b>			<u>\$ -</u>	<u>\$ 98,591</u>
<b>N.C. 911 Board</b>				
PSAP 911 Grant			\$ -	\$ 131,208
<b>Total N.C. Department of Public Instruction</b>			<u>\$ -</u>	<u>\$ 131,208</u>
<b>N.C. Department of Public Instruction</b>				
Public School Building Capital Fund - Lottery Proceeds			\$ -	\$ 71,089
<b>Total N.C. Department of Public Instruction</b>			<u>\$ -</u>	<u>\$ 71,089</u>
<b>Total Federal and State Awards</b>			<u>\$ 3,024,035</u>	<u>\$ 1,491,175</u>
<b>Other Financial Assistance (5) - Opioid Funding</b>			<u>\$ -</u>	<u>\$ 10,000</u>
<b>Total Federal and State Awards and Other Assistance</b>			<u>\$ 3,024,035</u>	<u>\$ 1,501,175</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 -- Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of Alleghany County under programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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. 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**

- (1) Expenditures reported on the Schedule (SEFSA) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The County did not elect to use the 10 percent de minimis indirect cost rate because they only request direct costs for reimbursement.
- (4) The County did not have any loans or loan guarantees which are subject to reporting requirements for the year.

**Note 3 -- Cluster of Program**

Subsidized Child Care and Foster Care Adoption are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes.

**Note 4 -- Subrecipients**

Alleghany County did not have any subrecipients for 2023.

Alleghany County, North Carolina  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2023

Notes to Schedule of Expenditures of Federal Awards (Continued)

Note 5 -- Other Financial Assistance:

The North Carolina State and Local Government Finance Division and the Local Government Commission has required opioid funding be included in review of state funding compliance.

Note 6 -- Relationship to the Financial Statements:

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

Intergovernmental federal and state revenues per the basic financial statements:

Primary government:

General Fund		
Federal Funding	\$ 1,930,606	
State Funding		\$ 712,212
Transportation Fund		
Federal Funding	11,813	
State Funding		98,819
ARPA Fund		
Federal Funding	1,081,616	
State Capital and Infrastructure Capital Project Fund		
State Funding		36,594
State Capital and Infrastructure Courthouse Fund		
State Funding		28,620
State Capital and Infrastructure Pool Fund		
State Funding		15,990
DPS Law Enforcement Grant Fund		
State Funding		71,815
Landfill Fund		
State Funding		2,375
Earthquake Fund		
State Funding		524,750
Opioid Fund		
State Funding		10,000
Total primary government	<u>\$ 3,024,035</u>	<u>\$ 1,501,175</u>

Alleghany County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023

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**Section I - Summary of Auditors' Results****Financial Statements**

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

**Federal Awards**

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

Assistance Listing #	Name of Federal Program or Cluster
93.778	Medicaid Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

**State Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
Identification of major programs:	

Program Name
911 Generator Grant Fund
N.C. Earthquake Recovery Fund

**Alleghany County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

**2023-001**

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**Criteria:** Per auditing standards, an auditee should have sufficient expertise in the selection and application of accounting principles used in the preparation of the annual financial report. In addition, the auditee should have sufficient internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles. Furthermore, reliance on the auditors to propose audit adjustments may not be a component of the auditee's internal controls.

**Condition:** The financial statements, as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.

**Cause:** The County has had numerous changes in the financial reporting processes including staffing, funding, and accounting principles. These items resulted in the auditors proposing material adjustments.

**Effect:** There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.

**Recommendation:** The County should continue to improve monthly reconciliations and work to ensure financials as provided for audit are materially correct.

**Management's Response:** The County will continue to improve on the understanding and review of the financial information prior to providing same to the auditors for next year.

**2023-002**

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**Criteria:** A key concept of internal controls is segregation of duties. No one employee should have access to both accounting records and related assets.

**Condition:** The County does not have proper segregation of duties regarding cash management.

**Cause:** The County Finance Officer has access to and enters the majority of transactions into the accounting system. The County has had continuing turnover of employees in the County Finance Department which limits experienced staff for proper review.

**Alleghany County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**Section II - Financial Statement Findings (Continued)**

**2023-002 (Continued)**

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Effect: There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation: In FY2023, the County Manager began reviewing the bank reconciliations monthly. In addition to this review, we recommend the County document review and approval on check registers, payroll registers, revenue reports, and monthly budget versus actual reports.

Management's Response: Management will implement the recommended actions as soon as possible.

**2023-003**

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Criteria: The County should have sufficient monitoring procedures to mitigate certain internal control risks. These procedures include providing accurate and timely monthly reports to the Board of Commissioners. A completed and reviewed bank reconciliation is a vital piece of ensuring the overall accuracy of information provided to the Board.

Condition: The Finance Office was not reconciling the bank statement in a timely manner which resulted in an unknown variance.

Cause: The Finance Office experienced turnover during a pandemic and got behind on reconciling the monthly bank statements.

Effect: There is reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

Recommendation: We recommend the County Manager receive directly and review the bank statement prior to the Finance Officer reconciling same. After timely reconciliation, we recommend the County Manager review the reconciliation as well.

Management's Response: Management will implement the recommended actions as soon as possible.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - State Award Findings and Questioned Costs**

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

# ALLEGHANY COUNTY FINANCE/HR OFFICE

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April Hamm, Finance Officer  
Human Resource Officer

Robin Hamilton, Assistant Finance Officer

Dalila Morales, Payroll & Accounting Specialist



Post Office Box 366  
348 South Main Street, LL60 & LL70  
Sparta, NC 28675  
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## **Corrective Action Plan** For the Year Ended June 30, 2023

**Contact Name:** April Hamm, Finance Officer

### **Finding 2023-001**

*Material Audit Adjustments*

**Corrective Action:** Staff will continue to improve on reconciling financial statements, plus understanding and review of all financial information.

### **Finding 2023-002**

*Segregation of Duties*

**Corrective Action:** Segregated reviews from multiple staff members of bank statements, plus entering of transactions into the accounting system, will be added to internal controls.

### **Finding 2023-0003**

*Review of Bank Statements*

**Corrective Action:** County Manager will receive and review bank statements before Finance Office begins reconciliation. County Manager will review after completion of bank reconciliation by Finance staff.

**Completion Date:** As soon as possible

# ALLEGHANY COUNTY FINANCE/HR OFFICE

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## Summary Schedule of Prior Year's Audit Findings For the Year Ended June 30, 2023

### **Finding 2022-001**

**Condition:** Material audit adjustments

**Current Status:** This finding has been repeated as a material weakness as current year finding 2023-001.

### **Finding 2022-002**

**Condition:** Lacking segregation of duties

**Current Status:** This finding has been repeated as a material weakness as current year finding 2023-002.

### **Finding 2022-003**

**Condition:** Lacking review of bank statements

**Current Status:** This finding has been repeated as a material weakness as current year finding 2023-003.