

ALLEGHANY COUNTY, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

ALLEGHANY COUNTY, NORTH CAROLINA
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INTRODUCTORY SECTION

ALLEGHANY COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS as of JUNE 30, 2025

Timothy J. Evans, Vice Chair Garrison Wagoner	Bill Osborne, Chairman	W. Bobby Irwin Greg Walker
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BOARD OF COUNTY COMMISSIONERS as of DECEMBER 9, 2025

Garrison Wagoner, Vice Chair Timothy J. Evans	Bill Osborne, Chairman	W. Bobby Irwin Greg Walker
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OTHER OFFICIALS

County Manager	William L. Shepley
Chief Financial Officer	April Hamm

FINANCIAL SECTION

Independent Auditors' Report

**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, 2025 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Opioid Settlement 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.

Change in Accounting Principles

As described in Note 19 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2025, the County restated beginning balances to include sick leave as part of compensated absences and remove school capital assets previously included in the County's financial statements.

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, 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, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2025

ALLEGHANY COUNTY, NORTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

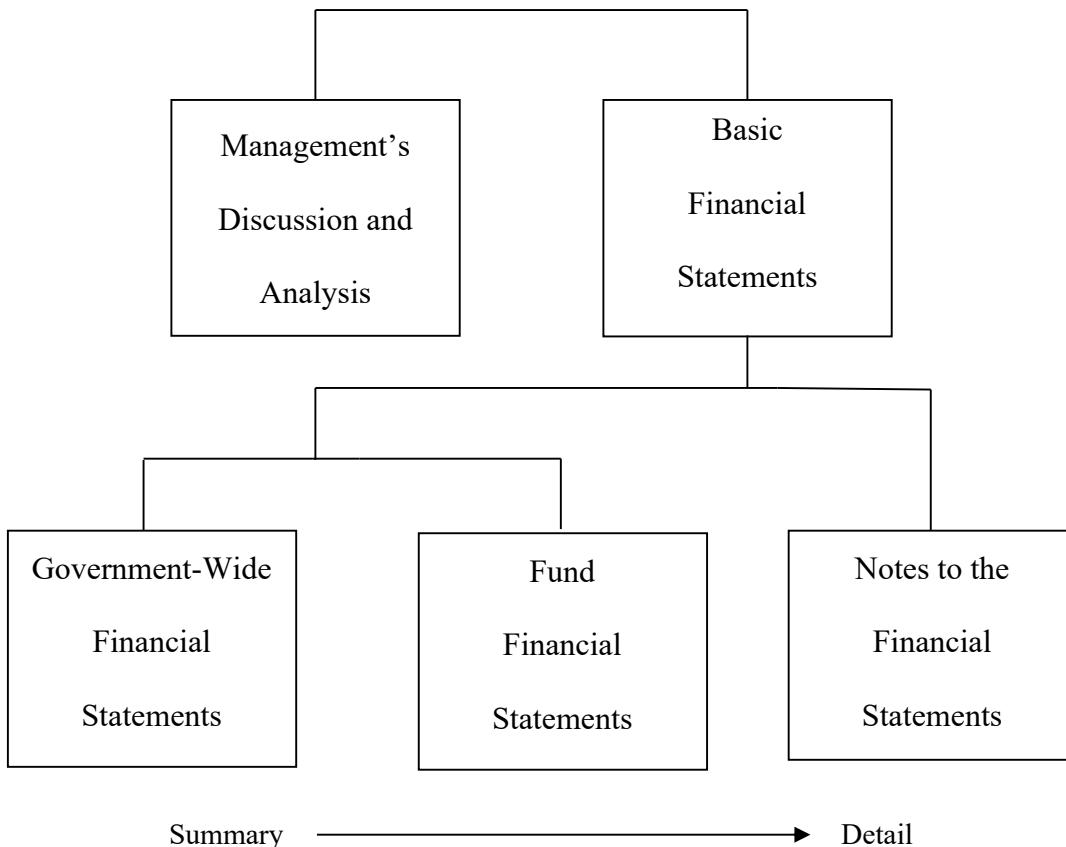
As management of Alleghany County, we offer readers of Alleghany County's financial statements this narrative overview and analysis of the financial activities of Alleghany County for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with 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 \$17,055,902 (*net position*).
- As of the close of the current fiscal year, Alleghany County's governmental funds reported combined ending fund balances of \$26,156,384. Approximately 61% of this total amount, or \$16,156,567, is restricted as to how it can be spent. Approximately 40% of the total ending governmental fund balance, or \$10,555,002, 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 \$15,601,382, or 68%, 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 and for the major Opioid Special Revenue 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 prior landfill operations and transfer station. 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

	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2025	(as restated)	2025	(as restated)	2025	(as restated)
Assets:						
Current and other assets	\$ 46,677,714	\$ 37,604,774	\$ 373,124	\$ 660,760	\$ 47,050,838	\$ 38,265,534
Capital assets, net	<u>12,524,251</u>	<u>11,167,196</u>	<u>779,376</u>	<u>431,503</u>	<u>13,303,627</u>	<u>11,598,699</u>
Total assets	<u>59,201,965</u>	<u>48,771,970</u>	<u>1,152,500</u>	<u>1,092,263</u>	<u>60,354,465</u>	<u>49,864,233</u>
Deferred Outflows of Resources						
	<u>4,279,960</u>	<u>4,785,389</u>	<u>123,005</u>	<u>123,349</u>	<u>4,402,965</u>	<u>4,908,738</u>
Liabilities:						
Current liabilities	21,760,994	19,401,996	185,744	89,559	21,946,738	19,491,555
Other liabilities	<u>21,788,790</u>	<u>16,930,322</u>	<u>449,432</u>	<u>466,416</u>	<u>22,238,222</u>	<u>17,396,738</u>
Total liabilities	<u>43,549,784</u>	<u>36,332,318</u>	<u>635,176</u>	<u>555,975</u>	<u>44,184,960</u>	<u>36,888,293</u>
Deferred Inflows of Resources						
	<u>3,419,144</u>	<u>4,244,644</u>	<u>97,424</u>	<u>121,827</u>	<u>3,516,568</u>	<u>4,366,471</u>
Net Position:						
Net investment in capital assets	11,633,520	8,819,621	758,051	425,160	12,391,571	9,244,781
Restricted	<u>10,427,390</u>	<u>3,718,164</u>	<u>-</u>	<u>-</u>	<u>10,427,390</u>	<u>3,718,164</u>
Unrestricted (deficit)	<u>(5,547,913)</u>	<u>442,612</u>	<u>(215,146)</u>	<u>112,650</u>	<u>(5,763,059)</u>	<u>555,262</u>
Total net position (deficit)	<u>\$ 16,512,997</u>	<u>\$ 12,980,397</u>	<u>\$ 542,905</u>	<u>\$ 537,810</u>	<u>\$ 17,055,902</u>	<u>\$ 13,518,207</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 \$17,055,902 as of June 30, 2025. The County's net position increased by \$3,537,695 for the fiscal year ended June 30, 2025. The largest portion of net position, \$12,391,571, 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 98.24%
- 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	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 2,267,703	\$ 1,824,605	\$ 1,301,963	\$ 1,200,969	\$ 3,569,666	\$ 3,025,574
Operating grants and contributions	3,113,126	3,380,777	-	316	3,113,126	3,381,093
Capital grants and contributions	10,171,528	1,207,679	-	20,000	10,171,528	1,227,679
General revenues:						
Property taxes	13,923,671	13,409,923	-	-	13,923,671	13,409,923
Other taxes	4,961,438	4,743,990	-	-	4,961,438	4,743,990
Grants and contributions not restricted to specific programs	68,190	75,627	-	-	68,190	75,627
Investment earnings,						
unrestricted	803,415	351,170	-	-	803,415	351,170
Miscellaneous	251,475	350,682	-	-	251,475	350,682
Total revenues	<u>35,560,546</u>	<u>25,344,453</u>	<u>1,301,963</u>	<u>1,221,285</u>	<u>36,862,509</u>	<u>26,565,738</u>
Expenses:						
General government	5,336,457	5,304,939	-	-	5,336,457	5,304,939
Public safety	8,101,452	7,614,437	-	-	8,101,452	7,614,437
Economic and physical development	1,429,898	627,183	-	-	1,429,898	627,183
Environmental protection	543	980	-	-	543	980
Human services	4,953,522	4,265,060	-	-	4,953,522	4,265,060
Cultural and recreation	389,712	382,191	-	-	389,712	382,191
Education	11,628,164	4,264,354	-	-	11,628,164	4,264,354
Interest on long-term debt	111,443	40,942	-	-	111,443	40,942
Solid waste	-	-	<u>1,373,623</u>	<u>1,215,393</u>	<u>1,373,623</u>	<u>1,215,393</u>
Total expenses	<u>31,951,191</u>	<u>22,500,086</u>	<u>1,373,623</u>	<u>1,215,393</u>	<u>33,324,814</u>	<u>23,715,479</u>
Change in net position before transfers	3,609,355	2,844,367	(71,660)	5,892	3,537,695	2,850,259
Transfers in (out)	(76,755)	-	76,755	-	-	-
Change in net position	<u>3,532,600</u>	<u>2,844,367</u>	<u>5,095</u>	<u>5,892</u>	<u>3,537,695</u>	<u>2,850,259</u>
Net Position (Deficit):						
Beginning of year	22,317,020	18,494,022	600,944	595,052	22,917,964	19,089,074
Restatement	(9,336,623)	978,631	(63,134)	-	(9,399,757)	978,631
Beginning of year	<u>12,980,397</u>	<u>19,472,653</u>	<u>537,810</u>	<u>595,052</u>	<u>13,518,207</u>	<u>20,067,705</u>
End of year	<u>\$ 16,512,997</u>	<u>\$ 22,317,020</u>	<u>\$ 542,905</u>	<u>\$ 600,944</u>	<u>\$ 17,055,902</u>	<u>\$ 22,917,964</u>

Governmental Activities. Governmental activities increased the County's net position by \$3,532,600. Key elements of this increase are as follows:

Overall revenues increased by \$10,216,093. The increase in revenue combined with a \$9,451,105 increase in expenses, generated the current year increase in net position. Property tax revenues increased approximately \$513,748 due the completion of a revaluation in recent years. 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 (17%), education (36%) and public safety (25%). The largest increases were in education (\$7,363,810 or 36%) due to contributions to the School Board related to the construction of the high school. The majority of this project is funded with state grant funds.

Business-Type Activities. Business-type activities increased Alleghany County's net position by \$5,095. Key elements of this increase are as follow:

- Reduction in disposal and hauling costs as a result of recent bid award in 2020.
- 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.
- Increased volume of solid waste stream with commercial companies due to population increases both permanent and visitors.

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 \$8,536,855 while total fund balance was \$15,601,382. 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 37% of net General Fund expenditures and transfers to other funds, while total fund balance represents 68% of that same amount.

At June 30, 2025, the governmental funds of Alleghany County reported a combined fund balance of \$26,156,384, an increase of \$8,708,081 over last year due mostly to the funds on hand for the school construction. 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 \$542,905.

Capital Asset and Debt Administration

Capital Assets. Alleghany County's capital assets for its governmental and business-type activities as of June 30, 2025 totaled \$12,524,251 (net of accumulated depreciation). These assets include buildings, land, improvements, and equipment.

Major capital asset transactions during the year include:

- Purchase of vehicles for public safety, Social Services, and Public Transportation.
- Ambulance purchase for EMS department with equipment.
- Remodeling of the Alleghany County Courthouse.

Alleghany County's Capital Assets
Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities		(as restated)	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 589,739	\$ 589,739	\$ 110,183	\$ 110,183	\$ 699,922	\$ 699,922
Buildings	13,724,623	13,724,623	342,698	342,698	14,067,321	14,067,321
Improvements	2,047,487	2,047,487	115,343	115,343	2,162,830	2,162,830
Equipment and vehicles	6,305,638	5,986,874	1,073,348	715,869	7,378,986	6,702,743
Construction in progress	1,820,368	386,380	76,755	-	1,897,123	386,380
Leases	<u>463,998</u>	<u>463,998</u>	<u>-</u>	<u>116,962</u>	<u>463,998</u>	<u>580,960</u>
Total	24,951,853	23,199,101	1,718,327	1,401,055	26,670,180	24,600,156
Less: accumulated depreciation/amortization	<u>(12,427,602)</u>	<u>(12,031,905)</u>	<u>(938,951)</u>	<u>(969,552)</u>	<u>(13,366,553)</u>	<u>(13,001,457)</u>
Capital assets, net	<u><u>\$ 12,524,251</u></u>	<u><u>\$ 11,167,196</u></u>	<u><u>\$ 779,376</u></u>	<u><u>\$ 431,503</u></u>	<u><u>\$ 13,303,627</u></u>	<u><u>\$ 11,598,699</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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Installment purchase notes	\$ 8,129,097	\$ 1,977,127	\$ -	\$ -	\$ 8,129,097	\$ 1,977,127

The County issued a \$6,849,620 installment note during 2025 to assist with construction at the high school. 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 \$146,000,000.

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. Compensated absences experienced an increase in 2025 due to the implementation of GASB 101.

Economic Factors and Next Year's Budgets and Rates

Budget Highlights for the Fiscal Year Ending June 30, 2026

Government Activities: The County adopted FY25/26 budget including the following highlights:

- The new High School project is funded fully with a loan approved by LGC in March 2025, County appropriation of \$1,500,000 and project under construction (\$69,915,569 total project).
- Maintaining all fire tax rates, the same as last fiscal year.
- Adding a new position under the County Manager - Grant Writer/Project Management 11/1/2025.
- Adding Community Social Services Assistant to DSS to assist with Foster Care Programs 7/1/2025.
- Adding an Emergency Management Assistant for succession planning, dispatch backup, etc. 1/1/2026.
- Adding a part-time position to Public Works to assist custodians and additional office duties needed.
- 4% cost of living increase for all Alleghany County full-time and part-time employees on staff as of July 1, 2025, effective 7/1/2025.
- Adding holiday pay to the full-time Kitchen staff benefits.
- No increase in employee health, dental or life insurance premiums. A decrease in vision coverage negotiated for full-time employees. Maintain pay classifications and positions.
- Adding long-term disability coverage benefit package for full-time employees.
- Maintaining life insurance coverage for all full-time employees at \$30,000 and retirees.
- Continued planning with RFQ awarded to TRC Engineering for expansion of Transfer Facility.
- Adding another Transfer Facility Specialist position to the Transfer Facility in preparation for expansion and increased volume of solid waste.
- Construction to be completed on Courthouse with use of the \$2,000,000 SCIF allocation by December 31, 2025.
- Vehicles budgeted for Sheriff's Dept (3), and Building Inspection (1).
- New updated ambulance equipment and Stryker lease program implementation.
- New oversized Plat Scanner funded for Register of Deeds and Planning departments.

Economic Factors and Next Year's Budgets and Rates (Continued)**Budget Highlights for the Fiscal Year Ending June 30, 2026 (Continued)**

Government Activities: The County adopted FY25/26 budget including the following highlights:
(continued)

- Alleghany County Schools proposed expense allocation of \$3,108,285, an increase of \$135,000 to fund Paxton Patterson Labs and salary for an additional Assistant Principal at Sparta Elementary school.
- Continue to commit funds in escrow for future Revaluation expenses and fund completion of Pictometry project.
- Maintaining a Contingency of \$10,000 and Unassigned Fund Balance of \$100,000.
- Initiate conversations with Alleghany County Schools and TDA to work on improvements to the Sparta Elementary School auditorium heating and cooling units.
- \$22,502 allocated in Fairgrounds funds for improvements and repairs.
- Increase in funding for the Alleghany County Rescue Squad to \$140,000.
- Increase in funding for AppHealthcare District Health Department of \$50,000.
- \$40,000 in funding set aside for Wayfinding signage coordination with TDA.
- \$98,364 in separate Recreation funds available to assist with planning process for potential additional ballfields.
- Continue to hold \$180,000 for NAPCO expansion grant
- Budgeted for Town Grant (\$15,000,000) disbursement of funds to be expended for FY25-26.

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 FY25/26 budget including the following highlights:

- Transfer Facility residential and commercial fees being reviewed for possible adjustments for the upcoming fiscal year to coincide with expansion and refurbishing of facility.
- Maintaining a budgeted line of \$37,800 for continued improvements for the facility.
- Continued a solid waste fee for permanent site campers.
- Continued improvements with balance of SCIF funding of \$24,000.
- RFQ process completed for architectural design of facility and awarded to TRC Engineering.
- TRC design 85% complete as of 12/10/25.
- Alleghany County has applied for Rural Economic Development Loan/Grant(REDLG) to assist with expansion of facility.

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.

Basic Financial Statements

Alleghany County, North Carolina
Statement of Net Position
June 30, 2025

	Primary Government			Component Unit		
	Governmental Activities		Business-type Activities	Total	Tourism Development Authority	
ASSETS						
Cash and cash equivalents	\$ 26,523,048	\$ 304,235	\$ 26,827,283	\$	155,157	
Receivables (net of allowance for uncollectibles):						
Taxes receivable	324,527	-	324,527	\$	-	
Accounts receivable	1,447,651	68,889	1,516,540	\$	24,606	
Due from other governmental units	6,969,956	-	6,969,956	\$	-	
Restricted assets:						
Cash and cash equivalents	11,394,204	-	11,394,204	\$	-	
Net pension asset	18,328	-	18,328	\$	-	
Capital assets (net of accumulated depreciation):						
Land	589,739	110,183	699,922	\$	-	
Buildings	7,587,781	92,765	7,680,546	\$	-	
Improvements	812,003	36,438	848,441	\$	-	
Equipment and vehicles	1,490,962	463,235	1,954,197	\$	-	
Construction in progress	1,820,368	76,755	1,897,123	\$	-	
Right to use assets, net of amortization	223,398	-	223,398	\$	-	
Total assets	<u>\$ 59,201,965</u>	<u>\$ 1,152,500</u>	<u>\$ 60,354,465</u>	<u>\$</u>	<u>179,763</u>	
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ 2,751,306	\$ 76,702	\$ 2,828,008	\$	-	
OPEB related items	1,528,654	46,303	1,574,957	\$	-	
Total deferred outflows of resources	<u>\$ 4,279,960</u>	<u>\$ 123,005</u>	<u>\$ 4,402,965</u>	<u>\$</u>	<u>-</u>	
LIABILITIES						
Accounts payable	\$ 3,533,046	\$ 85,493	\$ 3,618,539	\$	450	
Accrued salaries	420,730	17,960	438,690	\$	-	
Accounts payable - construction	-	21,325	21,325	\$	-	
Accrued interest payable	38,320	-	38,320	\$	-	
Unearned grant revenue	14,825,128	-	14,825,128	\$	-	
Long-term liabilities:						
Due within one year	2,943,770	60,966	3,004,736	\$	-	
Due in more than one year	21,788,790	449,432	22,238,222	\$	-	
Total liabilities	<u>\$ 43,549,784</u>	<u>\$ 635,176</u>	<u>\$ 44,184,960</u>	<u>\$</u>	<u>450</u>	
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - prepaid taxes	\$ 88,191	\$ -	\$ 88,191	\$	-	
Pension related items	128,404	417	128,821	\$	-	
OPEB related items	3,202,549	97,007	3,299,556	\$	-	
Total deferred inflows of resources	<u>\$ 3,419,144</u>	<u>\$ 97,424</u>	<u>\$ 3,516,568</u>	<u>\$</u>	<u>-</u>	
NET POSITION						
Net investment in capital assets	\$ 11,633,520	\$ 758,051	\$ 12,391,571	\$	-	
Restricted:						
Stabilization by State Statute	7,106,227	-	7,106,227	\$	-	
Emergency Telephone System	181,086	-	181,086	\$	-	
Forfeited Drug Funds	16,514	-	16,514	\$	-	
School construction projects	1,500,000	-	1,500,000	\$	-	
Recreation	98,364	-	98,364	\$	-	
Register of Deeds	76,789	-	76,789	\$	-	
Future pension costs of Register of Deeds	18,328	-	18,328	\$	-	
Opioid settlement	1,430,082	-	1,430,082	\$	-	
Unrestricted (deficit)	<u>(5,547,913)</u>	<u>(215,146)</u>	<u>(5,763,059)</u>	<u>\$</u>	<u>179,313</u>	
Total net position	<u>\$ 16,512,997</u>	<u>\$ 542,905</u>	<u>\$ 17,055,902</u>	<u>\$</u>	<u>179,313</u>	

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, 2025

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Component Unit	
						Total	Business-type Activities	Total	Tourism Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 5,336,457	\$ 673,516	\$ 98,016	\$ -	\$ (4,564,925)	\$ -	\$ (4,564,925)	\$ -	\$ -
Public safety	8,101,452	1,368,327	622,198	1,433,987	(4,676,940)	(401,912)	(4,676,940)	(401,912)	-
Economic and physical development	1,429,898	9,651	-	1,018,335	-	-	-	-	-
Environmental protection	543	-	25,214	-	24,671	-	24,671	-	-
Human services	4,953,522	196,548	2,367,698	378,326	(2,010,950)	-	(2,010,950)	-	-
Cultural and recreational	389,712	19,661	-	-	(370,051)	-	(370,051)	-	-
Education	11,628,164	-	-	7,340,880	(4,287,284)	-	(4,287,284)	-	-
Interest on long-term debt	111,443	-	-	-	(111,443)	-	(111,443)	-	-
Total governmental activities	\$ 31,951,191	\$ 2,267,703	\$ 3,113,126	\$ 10,171,528	\$ (16,398,834)	\$ -	\$ (16,398,834)	\$ -	-
Business-type activities:									
Landfill	\$ 1,373,623	\$ 1,301,963	\$ -	\$ -	\$ (71,660)	\$ (71,660)	\$ (71,660)	\$ -	-
Total primary government	\$ 33,324,814	\$ 3,569,666	\$ 3,113,126	\$ 10,171,528	\$ (16,398,834)	\$ (71,660)	\$ (16,470,494)	\$ -	-
COMPONENT UNIT:									
Tourism Development Authority	\$ 257,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (257,738)
Total component unit	\$ 257,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (257,738)
General revenues:									
Taxes:									
Ad valorem taxes					\$ 13,923,671	\$ -	\$ 13,923,671	\$ -	-
Local option sales tax					4,506,844	-	4,506,844	-	-
Other taxes and licenses					454,594	-	454,594	-	-
Unrestricted revenues from use of money					803,415	-	803,415	-	-
Miscellaneous					251,475	-	251,475	-	-
Grants and contributions not restricted to specific programs					68,190	-	68,190	-	237,937
Transfers					(76,755)	76,755	-	-	-
Total general revenues and transfers					\$ 19,931,434	\$ 76,755	\$ 20,008,189	\$ 237,937	-
Change in net position					\$ 3,532,600	\$ 5,095	\$ 3,537,695	\$ (19,801)	-
Net position - beginning, as previously reported					22,317,020	600,944	22,917,964	199,114	-
Restatements					(9,336,623)	(63,134)	(9,399,757)	-	-
Net position - beginning, as restated					\$ 12,980,397	\$ 537,810	\$ 13,518,207	\$ 199,114	-
Net position - ending					\$ 16,512,997	\$ 542,905	\$ 17,055,902	\$ 179,313	-

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

Alleghany County, North Carolina
 Balance Sheet
 Governmental Funds
 June 30, 2025

	General Fund	State Capital and Infrastructure Fund	State Capital and Infrastructure Fund	Town of Sparta Capital Fund	School Construction Fund	Opioid Settlement Fund	Other Governmental Funds	Total
ASSETS								
Cash and cash equivalents	\$ 9,348,378	\$ 375,400	\$ 367,743	\$ 14,733,045	\$ -	\$ -	\$ 1,698,482	\$ 26,523,048
Receivables (net of allowance for uncollectibles):								
Taxes receivable	287,474	-	-	-	-	-	37,053	324,527
Accounts receivable	282,721	-	-	-	-	1,138,265	26,665	1,447,651
Due from other governmental units	6,969,956	-	-	-	-	-	-	6,969,956
Restricted assets:								
Cash and cash equivalents	123,508	-	-	-	10,962,245	291,817	16,634	11,394,204
Total assets	\$ 17,012,037	\$ 375,400	\$ 367,743	\$ 14,733,045	\$ 10,962,245	\$ 1,430,082	\$ 1,778,834	\$ 46,659,386
LIABILITIES								
Accounts payable	\$ 431,823	\$ -	\$ -	\$ 337,000	\$ 2,576,475	\$ -	\$ 187,748	\$ 3,533,046
Accrued liabilities	415,017	-	-	-	-	-	5,713	420,730
Unearned revenue	-	375,400	367,743	14,058,420	-	-	23,565	14,825,128
Total liabilities	\$ 846,840	\$ 375,400	\$ 367,743	\$ 14,395,420	\$ 2,576,475	\$ -	\$ 217,026	\$ 18,778,904
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - pre paid taxes	\$ 88,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,191
Unavailable revenue - ad valorem taxes receivable	287,474	-	-	-	-	1,138,265	-	22,018
Unavailable revenue - opioid settlement	-	-	-	-	-	-	-	309,492
Unavailable revenue - EMS receivable	188,150	-	-	-	-	-	-	1,138,265
Total deferred inflows of resources	\$ 563,815	\$ -	\$ -	\$ -	\$ -	\$ 1,138,265	\$ 22,018	\$ 1,724,098
FUND BALANCES								
Restricted:								
Stabilization by State Statute	\$ 7,064,527	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,700	\$ 7,106,227
Emergency Telephone System	-	-	-	-	8,385,770	-	181,086	181,086
School construction projects	-	-	-	-	-	-	-	8,385,770
Other	76,789	-	-	-	-	-	16,514	93,303
Recreation	-	-	-	-	-	-	98,364	98,364
Opioid Settlement	35,843	-	-	-	-	291,817	-	291,817
Committed	-	-	-	-	-	-	-	35,843
Assigned	-	-	-	337,625	-	-	1,202,126	1,539,751
Unassigned	8,424,223	-	-	-	-	-	-	8,424,223
Total fund balances	\$ 15,601,382	\$ -	\$ -	\$ 337,625	\$ 8,385,770	\$ 291,817	\$ 1,539,790	\$ 26,156,384
Total liabilities, deferred inflows of resources, and fund balances	\$ 17,012,037	\$ 375,400	\$ 367,743	\$ 14,733,045	\$ 10,962,245	\$ 1,430,082	\$ 1,778,834	\$ 46,659,386

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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 26,156,384

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 589,739
Buildings	7,587,781
Improvements	812,003
Equipment and vehicles	1,490,962
Right to use leased asset - building	223,398
Construction in progress	<u>1,820,368</u> 12,524,251

The net pension asset (ROD) is not an available resource and therefore, is not reported in the funds. 18,328

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	\$ 309,492
Unavailable revenue - Opioid settlement	1,138,265
Unavailable revenue - EMS	<u>188,150</u> 1,635,907

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

Pension related items	\$ 2,751,306
OPEB related items	<u>1,528,654</u> 4,279,960

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	\$ (8,129,097)
Lease payable	(230,427)
Accrued interest payable	(38,320)
Net OPEB liability	(8,390,741)
Compensated absences	(2,552,976)
Net pension liability - LGERS	(4,673,274)
Total pension liability - LEOSSA	<u>(756,045)</u> (24,770,880)

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

Pension related items	\$ (128,404)
OPEB related items	<u>(3,202,549)</u> (3,330,953)

Net position of governmental activities \$ 16,512,997

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, 2025

	Major						Opioid Settlement Fund	Other Governmental Funds	Total
	General Fund	State Capital and Infrastructure Fund	State Capital and Infrastructure Fund	Town of Sparta Capital Fund	School Construction Fund	Settlement Fund			
REVENUES									
Ad valorem taxes	\$ 12,904,485	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,589	\$ 13,887,074
Other taxes	4,717,850	-	-	-	-	-	-	243,588	4,961,438
Unrestricted intergovernmental	68,190	-	-	-	-	-	-	-	68,190
Restricted intergovernmental	3,100,311	-	1,433,987	941,580	6,908,985	156,172	818,782	13,359,817	
Permits and fees	236,715	-	-	-	-	-	88,464	325,179	
Sales and services	874,278	-	-	-	-	-	-	-	874,278
Service and fees	-	-	-	-	-	-	-	64,002	64,002
Investment earnings	421,139	-	-	337,625	44,651	-	-	-	803,415
Miscellaneous	1,011,159	-	-	-	-	-	-	-	1,016,035
Total revenues	\$ 23,334,127	\$ -	\$ 1,433,987	\$ 1,279,205	\$ 6,953,636	\$ 156,172	\$ 2,382,301	\$ 25,539,428	
EXPENDITURES									
Current:									
General government administration	\$ 4,409,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,403	\$ 4,796,354
Public safety	7,007,852	-	-	-	-	-	-	1,073,365	8,081,417
Economic and physical development	495,314	-	-	-	-	-	-	16,414	511,728
Human services	3,885,964	-	-	-	-	-	124,230	939,004	4,949,198
Cultural and recreational	396,098	-	-	-	-	-	-	-	396,098
Education	3,533,802	-	-	1,433,987	941,580	6,917,486	-	-	3,533,802
Capital outlay	-	-	-	-	-	-	-	-	10,469,929
Debt service:									
Principal repayments	771,440	-	-	-	-	-	-	-	771,440
Interest and fees	94,246	-	-	-	-	-	-	-	94,246
Total expenditures	\$ 20,594,667	\$ -	\$ 1,433,987	\$ 941,580	\$ 6,917,486	\$ 124,230	\$ 3,592,262	\$ 33,504,212	
Excess (deficiency) of revenues over (under) expenditures	\$ 2,739,460	\$ -	\$ -	\$ 337,625	\$ 36,150	\$ 31,942	\$ (1,205,361)	\$ 1,935,216	
OTHER FINANCING SOURCES (USES)									
Transfers in	\$ 202,515	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ 943,448	\$ 2,645,963	
Transfers out	(2,450,721)	-	-	-	-	-	(271,997)	(2,722,718)	
Proceeds of notes payable	-	-	-	-	6,849,620	-	-	-	6,849,620
Total other financing sources (uses)	\$ (2,248,206)	\$ -	\$ -	\$ -	\$ 8,349,620	\$ -	\$ 671,451	\$ 6,772,865	
Net change in fund balances	\$ 491,254	\$ -	\$ -	\$ 337,625	\$ 8,385,770	\$ 31,942	\$ (538,510)	\$ 8,708,081	
Fund balances - beginning	15,110,128	-	-	-	-	-	259,875	2,078,300	17,448,303
Fund balances - ending	\$ 15,601,382	\$ -	\$ -	\$ 337,625	\$ 8,385,770	\$ 291,817	\$ 1,539,790	\$ 26,156,384	

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, 2025

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

Net change in fund balances - total governmental funds	\$ 8,708,081
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the detail of items supporting this adjustment:

Capital outlay	\$ 2,310,775
Depreciation/amortization expense	<u>(947,935)</u>
	1,362,840

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase (decrease) net position. (5,785)

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	\$ 36,597
Change in unavailable revenue - Opioid settlement	(75,163)
Change in unavailable revenue - EMS	<u>59,684</u>
	21,118

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.

Debt issued or incurred:

Issuance of note payable	\$ (6,849,620)
Principal repayments:	
Note payable	697,650
Lease payable	<u>73,790</u>
	(6,078,180)

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	\$ (447,857)
Change in accrued interest payable	(17,197)
Change in net pension liability and related deferred items - LGERS	(371,223)
Change in net pension liability and related deferred items - LEOSSA	(84,679)
Change in net pension asset and related deferred items - ROD	(1,935)
Change in net OPEB liability and related deferred items	<u>447,417</u>
	(475,474)

Change in net position of governmental activities	<u><u>\$ 3,532,600</u></u>
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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, 2025

	Enterprise Fund	Landfill Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 304,235	
Accounts receivables, net of allowance for uncollectibles	68,889	
Total current assets	<u>\$ 373,124</u>	
Noncurrent assets:		
Capital assets:		
Land	\$ 110,183	
Improvements	115,343	
Buildings	342,698	
Vehicles and equipment	1,073,348	
Less accumulated depreciation and amortization	(938,951)	
Construction in progress	<u>76,755</u>	
Total capital assets	<u>\$ 779,376</u>	
Total noncurrent assets	<u>\$ 779,376</u>	
Total assets	<u>\$ 1,152,500</u>	
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 76,702	
OPEB related items	<u>46,303</u>	
Total deferred outflows of resources	<u>\$ 123,005</u>	
LIABILITIES		
Current liabilities:		
Accounts payable - operating	\$ 85,493	
Accounts payable - construction	21,325	
Accrued liabilities	17,960	
Compensated absences - current portion	60,966	
Total current liabilities	<u>\$ 185,744</u>	
Noncurrent liabilities:		
Compensated absences - net of current portion	\$ 20,322	
Landfill closure and post-closure care costs	36,634	
Net pension liability	138,316	
Net OPEB liability	<u>254,160</u>	
Total noncurrent liabilities	<u>\$ 449,432</u>	
Total liabilities	<u>\$ 635,176</u>	
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 417	
OPEB related items	<u>97,007</u>	
Total deferred inflows of resources	<u>\$ 97,424</u>	
NET POSITION		
Net investment in capital assets	\$ 758,051	
Unrestricted	<u>(215,146)</u>	
Total net position	<u>\$ 542,905</u>	

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

Exhibit 8

Alleghany County, North Carolina
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	Enterprise Fund	Landfill Fund
OPERATING REVENUES		
Charges for services	\$ 1,301,963	
Total operating revenues	<u>\$ 1,301,963</u>	
OPERATING EXPENSES		
Landfill operations	\$ 1,287,246	
Depreciation	<u>86,361</u>	
Total operating expenses	<u>\$ 1,373,607</u>	
Operating income (loss)	<u>\$ (71,644)</u>	
NONOPERATING REVENUES (EXPENSES)		
Interest expense	\$ (16)	
Total nonoperating revenues (expenses)	<u>\$ (16)</u>	
Income before transfers	<u>\$ (71,660)</u>	
Transfers in	<u>\$ 76,755</u>	
Change in net position	<u>\$ 5,095</u>	
Total net position - beginning, as previously reported	600,944	
Restatement	<u>(63,134)</u>	
Total net position - beginning, as restated	<u>537,810</u>	
Total net position - ending	<u>\$ 542,905</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, 2025

	Enterprise Fund	Landfill Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 1,287,697	
Payments to suppliers	(942,664)	
Payments to and for employees	(304,422)	
Net cash provided by (used for) operating activities	<u>\$ 40,611</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	\$ (412,909)	
Transfers from other funds	76,755	
Principal payments on lease liabilities	(6,343)	
Interest payments	(16)	
Net cash provided by (used for) capital and related financing activities	<u>\$ (342,513)</u>	
Net increase (decrease) in cash and cash equivalents	\$ (301,902)	
 Cash and cash equivalents - beginning	 606,137	
Cash and cash equivalents - ending	<u>\$ 304,235</u>	
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (71,644)	
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation	\$ 86,361	
(Increase) decrease in accounts receivable	(14,266)	
Increase (decrease) in accounts payable	21,073	
Increase (decrease) in accrued liabilities	14,244	
Increase (decrease) in compensated absences	(1,953)	
Increase (decrease) in net pension liability	29,914	
Increase (decrease) in net OPEB liabilities	82	
Increase (decrease) in deferred inflows	(24,403)	
(Increase) decrease in deferred outflows	344	
Increase (decrease) in landfill closure and post-closure care costs	859	
Total adjustments	<u>\$ 112,255</u>	
Net cash provided by (used for) operating activities	<u>\$ 40,611</u>	
 Noncash investing, capital, and financing activities:		
Capital payables in current year	21,325	

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

Exhibit 10

Alleghany County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 19,844
Receivables:	
Other receivables	8,196
Total assets	<u>\$ 28,040</u>
LIABILITIES	
Due to other governmental units	\$ 9,807
Total liabilities	<u>\$ 9,807</u>
NET POSITION	
Restricted:	
Benefit of the inmates	\$ 1,529
Held in trust	16,704
Total net position	<u>\$ 18,233</u>

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

Exhibit 11

Alleghany County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Inmate deposits	\$ 43,331
Ad valorem taxes	<u>104,116</u>
Total additions	<u><u>\$ 147,447</u></u>
DEDUCTIONS	
Canteen sales	\$ 42,490
Payments to Town of Sparta	<u>87,412</u>
Total deductions	<u><u>\$ 129,902</u></u>
Change in net position	\$ 17,545
Net position - beginning	688
Net position - ending	<u><u>\$ 18,233</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, 2025

					Variance with Final Budget	
	Budgeted Amounts		Actual	Over (Under)		
	Original	Final				
REVENUES						
Ad valorem taxes	\$ 12,107,362	\$ 12,112,362	\$ 12,904,485	\$ 792,123		
Other taxes	4,266,300	4,616,300	4,717,850	101,550		
Unrestricted intergovernmental	70,873	244,554	68,190	(176,364)		
Restricted intergovernmental	2,815,564	3,288,539	3,100,311	(188,228)		
Permits and fees	199,550	199,550	236,715	37,165		
Sales and services	852,106	852,106	874,278	22,172		
Investment earnings	555,000	562,500	421,139	(141,361)		
Miscellaneous	541,020	1,105,130	1,011,159	(93,971)		
Total revenues	\$ 21,407,775	\$ 22,981,041	\$ 23,334,127	\$ 353,086		
EXPENDITURES						
Current						
General government administration	\$ 4,229,361	\$ 4,626,476	\$ 4,355,205	\$ 271,271		
Public safety	7,038,731	7,305,648	7,007,852	297,796		
Economic and physical development	701,596	701,535	495,314	206,221		
Human services	4,245,799	4,496,433	3,885,964	610,469		
Cultural and recreational	406,669	411,799	396,098	15,701		
Education	3,242,711	3,536,226	3,533,802	2,424		
Nondepartmental	250,000	79,735	-	79,735		
Debt service:						
Principal repayments	650,682	771,443	771,440	3		
Interest and fees	34,726	94,246	94,246	-		
Total expenditures	\$ 20,800,275	\$ 22,023,541	\$ 20,539,921	\$ 1,483,620		
Excess (deficiency) of revenues over (under) expenditures	\$ 607,500	\$ 957,500	\$ 2,794,206	\$ 1,836,706		
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ 195,242	\$ 195,242		
Transfers out	(607,500)	(2,457,500)	(2,450,721)	6,779		
Appropriated fund balance	-	1,500,000	-	(1,500,000)		
Total other financing sources and uses	\$ (607,500)	\$ (957,500)	\$ (2,255,479)	\$ (1,297,979)		
Net change in fund balance	\$ -	\$ -	\$ 538,727	\$ 538,727		
Fund balance - beginning			14,950,023			
Fund balance - ending			\$ 15,488,750			
Legally budgeted funds consolidated into the General Fund for reporting purposes:						
Tax Revaluation Fund:						
Expenditures			(50,009)			
Fund balance, beginning			85,852			
Register of Deeds Fund:						
Transfer in-General Fund			7,273			
Expenditures			(4,737)			
Fund balance, beginning			74,253			
Fund balances - ending (Exhibit 5)			\$ 15,601,382			

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
Major Special Revenue Fund - Opioid Settlement Fund
For the Year Ended June 30, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Restricted intergovernmental	\$ -	\$ -	\$ 156,172	\$ 156,172		
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,172</u>	<u>\$ 156,172</u>		
EXPENDITURES						
Human services	\$ 279,800	\$ 279,800	\$ 124,230	\$ 155,570		
Total expenditures	<u>\$ 279,800</u>	<u>\$ 279,800</u>	<u>\$ 124,230</u>	<u>\$ 155,570</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ (279,800)	\$ (279,800)	\$ 31,942	\$ 311,742		
OTHER FINANCING SOURCES (USES)						
Appropriated fund balance	\$ 279,800	\$ 279,800	\$ -	\$ (279,800)		
Total other financing sources (uses)	<u>\$ 279,800</u>	<u>\$ 279,800</u>	<u>\$ -</u>	<u>\$ (279,800)</u>		
Net change in fund balance	\$ -	\$ -	\$ 31,942	\$ 31,942		
Fund balances - beginning	-	-	259,875	259,875		
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,817</u>	<u>\$ 291,817</u>		

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

ALLEGHANY COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies

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 \$12,257 to the Council during the fiscal year ended June 30, 2025.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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 community members to 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 \$199,652 to the Community College for operating purposes during the fiscal year ended June 30, 2025. 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, 2025. 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 one 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, 2025. The County contributed \$269,265 to the Health Department during the fiscal year ended June 30, 2025. 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, 2025. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$197,451 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, 2025. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$20,000 to Vaya Health to supplement its activities. Complete financial statements for Vaya Health can be obtained from the entity's office at 200 Ridgefield Court, Suite 206, Asheville, NC 28806.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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 was awarded \$59,000,000 from the Needs-Based Public School Capital Fund, which are disbursed to the County on a reimbursement basis. The funds are to be used for the construction of the new Alleghany County High School, and are accounted for in the School Construction Fund.

The Town of Sparta was awarded a State Disaster Relief and Recovery/Mitigation/Resiliency Grant in the amount of \$15,000,000 in fiscal year 2024. The County received the funds with subrecipient monitoring responsibility to be disbursed to the Town upon a reimbursement basis. These funds are accounted for in the Town of Sparta Capital Fund.

Opioid Settlement Special Revenue Fund. This fund reports revenues for amounts paid by a number of corporations to settle various opioid lawsuits. These amounts are restricted to be spent for certain opioid abatement and remediation activities.

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, Deed of Trust Fund, Fines and Forfeitures Fund, DPS Law Enforcement Grant Fund, and Fire Tax 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 accounts 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

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.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds.

Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column. In accordance with North Carolina General Statutes (NCGS), all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

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, leases initiated during the year, and new IT subscription acquisitions 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.

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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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 the School Construction 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.

C. 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.

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).

1. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

2. 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. The amount of unspent resources obtained from the Opioid Settlement are restricted to use for specific purposes (i.e., opioid remediation). Accordingly, the assets from the settlement that remain on hand are reported as restricted assets.

	Governmental Activities
General Fund	
Revaluation	\$ 46,719
Register of Deeds	76,789
Other Governmental Funds	
School Construction Fund	10,962,245
Opioid Settlement funds	291,817
Forfeiture funds	16,634
Total	<u>\$ 11,394,204</u>

2. 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, 2024. 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.

3. 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. For the Opioid Settlement receivable, the County has estimated an uncollectible allowance using the term over which the amounts are to be paid and the possibility of bankruptcies or going concern issues of the corporations' party to the settlement. The initial allowance estimate has been established as 10.00% of the present value of the outstanding receivable balance.

4. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. 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 \$15,000 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 functionality 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.

The County has recorded right to use lease assets. The right to use lease 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.

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

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

7. 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 deferred charge on an advance refunding of debt and pension and OPEB deferrals, including amounts for 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. In addition, certain unavailable revenues related to taxes and opioid settlement receivables are reported as deferred inflows of resources, but only on the balance sheet of the governmental funds.

8. 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.

9. Compensated Absences

The County recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

The vacation policies of the County provides for the accumulation of up to 24 days earned vacation leave. Vacation leave over 240 hours is transferred to an employee's sick leave balance at the end of each calendar year. Upon separation, employees are paid for up to 240 hours of vacation leave. Thus, a liability has been recorded in the financial statements accordingly.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

9. Compensated Absences

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. 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. The County has estimated a portion of the sick leave earned prior to year end that will be used in future periods and has accrued this liability in the financial statements.

10. Opioid Settlement Funds

The County, through a Memorandum of Agreement (MOA) with the State, is a party to certain opioid lawsuit and bankruptcy settlements. The amounts received and to be received are treated as exchange-like transactions. Per the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for all activity. Unspent funds are reported as restricted.

11. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

11. 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," defined as follows: "*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	School Construction Fund	Opioid Settlement Fund	Governmental Funds	Other	Total
Register of Deeds	\$ 76,789	\$ -	\$ -	\$ -	\$ 76,789	
Stabilization by State Statute	7,064,527	-	-	41,700		7,106,227
Emergency Telephone System	-	-	-	181,086		181,086
Forfeiture funds	-	-	-	16,514		16,514
Recreation	-	-	-	98,364		98,364
School construction	-	8,385,770	-	-		8,385,770
Opioid Settlement	-	-	291,817	-		291,817
Total	\$ 7,141,316	\$ 8,385,770	\$ 291,817	\$ 337,664		\$ 16,156,567

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

11. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Assigned fund balance is as follows:

Purpose	Other Governmental Funds
Public safety	\$ 19,588
Economic and physical development	19,078
Environmental protection	727
Human services	101,519
Capital outlay	1,398,839
Total	<u>\$ 1,539,751</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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 1-Summary of Significant Accounting Policies (Continued)

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

11. 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. The County is required by State law to administer a public employee retirement system, a single employer defined benefit pension plan, to provide benefits to certain sworn law enforcement offices, the Law Enforcement Officers' Special Separation Allowance (LEOSA).

12. 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:

	General Fund	Opioid Settlement Fund	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone Fund	Soil and Water Fund
Total fund balance	\$ 15,601,382	\$ 291,817	\$ 82,464	\$ 19,078	\$ 16,514	\$ 191,588	\$ 727
Less Stabilization by State Statute	(7,064,527)	-	(16,163)	-	-	(10,502)	-
Total available fund balance	\$ 8,536,855	\$ 291,817	\$ 66,301	\$ 19,078	\$ 16,514	\$ 181,086	\$ 727
 (continued)							
	Representative Payee Fund	School Construction Fund	Town of Sparta Capital Fund	School Fire Tax Fund	Capital Proj. Fund	Outdoor Rec. Capital Proj. Fund	Total
Total fund balance	\$ 35,218	\$ 8,385,770	\$ 337,625	\$ 34,623	\$ 1,061,214	\$ 98,364	\$ 26,156,384
Less Stabilization by State Statute	-	-	-	(15,035)	-	-	(7,106,227)
Total available fund balance	\$ 35,218	\$ 8,385,770	\$ 337,625	\$ 19,588	\$ 1,061,214	\$ 98,364	\$ 19,050,157

13. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 2-Stewardship, Compliance and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

The Revaluation Fund, Tourism Development Fund, and Opioid Settlement Fund appropriated fund balance that exceeded the prior year available fund balance which violates G.S. 159-8(a). No other significant violations with North Carolina General Statutes for the year ended June 30, 2025.

2. Contractual Violations

There were no significant violations with contracts for the year ended June 30, 2025.

3. Deficit Fund Balance of Individual Funds

There were no significant deficit fund balances as of June 30, 2025.

4. Excess of Expenditures over Appropriations

The Representative Payee fund overspent its approved appropriations for the year because no budget was appropriated. No other funds overspent their approved appropriations for the year ended June 30, 2025. However, the General fund debt service did exceed the appropriations for same.

Note 3-Deposits

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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 3-Deposits (Continued)

At June 30, 2025, the County's deposits had a carrying amount of \$38,221,487 and a bank balance of \$39,470,838. Of the bank balance, \$250,000 was covered by federal depository insurance and \$38,938,037 was covered by collateral held under the Pooling Method. At June 30, 2025, the County had \$1,908 cash on hand and \$19,844 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, 2025, the TDA's deposits had a carrying amount and bank balance of \$155,157. 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

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
2022	\$	2,193,838	\$	175,507	\$ 2,369,345
2023		2,189,184		175,134	2,364,318
2024		2,186,930		174,954	2,361,884
2025		2,179,121		174,330	2,353,451
Total	\$	<u>8,749,073</u>	\$	<u>699,925</u>	\$ <u>9,448,998</u>

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ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 5-Receivables-Allowances for Doubtful Accounts

Receivables at the government-wide level at June 30, 2025, were as follows:

	Due from				Total
	Accounts	Taxes	Other Governments	Other	
Governmental Activities					
General	\$ 503,495	\$ 304,623	\$ 6,969,956	\$ 7,778,074	
Opioid Settlement	1,264,739	-	-	-	1,264,739
Other governmental	26,665	37,053	-	-	63,718
Total receivables	\$ 1,794,899	\$ 341,676	\$ 6,969,956	\$ 9,106,531	
Allowance for doubtful accounts	(347,248)	(17,149)	-	-	(364,397)
Total governmental activities	\$ 1,447,651	\$ 324,527	\$ 6,969,956	\$ 8,742,134	
Business-type Activities					
Solid waste	\$ 133,355	\$ -	\$ -	\$ -	\$ 133,355
Allowance for doubtful accounts	(64,466)	-	-	-	(64,466)
Total business-type activities	\$ 68,889	\$ -	\$ -	\$ -	\$ 68,889

Due from other governments consisted of the following:

Local sales tax	\$ 768,987
Sales tax refund	111,701
NC DOT Grants	14,223
NC DHHS Grants	330,615
NC Lottery Grant	5,282,380
FEMA	225,288
Other	236,762
Total	\$ 6,969,956

The Tourism Development Authority's receivables consist of occupancy taxes from local hotels of \$24,606. Management expects all accounts receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Capital Assets

Summary of Capital Assets

Capital asset activity in the for the year ended June 30, 2025, was as follows:

	Beginning Balance, as previously reported	Restatement	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 589,739	\$ -	\$ 589,739	\$ -	\$ -	\$ 589,739
Construction in progress	386,380	-	386,380	1,433,988	-	1,820,368
Total capital assets not being depreciated	\$ 976,119	\$ -	\$ 976,119	\$ 1,433,988	\$ -	\$ 2,410,107
Capital assets, being depreciated:						
Buildings	\$ 24,848,238	\$ (11,123,615)	\$ 13,724,623	\$ -	\$ -	\$ 13,724,623
Improvements	7,889,585	(5,842,098)	2,047,487	-	-	2,047,487
Equipment and vehicles	5,986,874	-	5,986,874	876,787	(558,023)	6,305,638
Total capital assets being depreciated	\$ 38,724,697	\$ (16,965,713)	\$ 21,758,984	\$ 876,787	\$ (558,023)	\$ 22,077,748
Accumulated depreciation:						
Buildings	\$ (11,216,089)	\$ 5,428,926	\$ (5,787,163)	\$ (349,679)	\$ -	\$ (6,136,842)
Improvements	(4,990,533)	3,896,866	(1,093,667)	(141,817)	-	(1,235,484)
Equipment and vehicles	(4,984,872)	-	(4,984,872)	(382,042)	552,238	(4,814,676)
Total accumulated depreciation	\$ (21,191,494)	\$ 9,325,792	\$ (11,865,702)	\$ (873,538)	\$ 552,238	\$ (12,187,002)
Total capital assets being depreciated, net	\$ 17,533,203	\$ (7,639,921)	\$ 9,893,282	\$ 3,249	\$ (5,785)	\$ 9,890,746
Capital assets being amortized:						
Right to use assets:						
Lease building	\$ 463,998	\$ -	\$ 463,998	\$ -	\$ -	\$ 463,998
Less accumulated amortization for:						
Right to use assets:						
Lease building	\$ (166,203)	\$ -	\$ (166,203)	\$ (74,397)	\$ -	\$ (240,600)
Total capital assets being amortized, net	\$ 297,795	\$ -	\$ 297,795	\$ (74,397)	\$ -	\$ 223,398
Governmental activities capital assets, net	\$ 18,807,117	\$ (7,639,921)	\$ 11,167,196	\$ 1,362,840	\$ (5,785)	\$ 12,524,251

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Capital Assets (Continued)

Summary of Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 110,183	\$ -	\$ -	\$ 110,183
Construction in progress	-	76,755	-	76,755
Total capital assets not being depreciated	<u>\$ 110,183</u>	<u>\$ 76,755</u>	<u>\$ -</u>	<u>\$ 186,938</u>
Capital assets, being depreciated:				
Buildings	\$ 342,698	\$ -	\$ -	\$ 342,698
Equipment and vehicles	715,869	357,479	-	1,073,348
Land improvements	115,343	-	-	115,343
Total capital assets being depreciated	<u>\$ 1,173,910</u>	<u>\$ 357,479</u>	<u>\$ -</u>	<u>\$ 1,531,389</u>
Accumulated depreciation:				
Buildings	\$ (241,366)	\$ (8,567)	\$ -	\$ (249,933)
Equipment and vehicles	(544,094)	(66,019)	-	(610,113)
Land improvements	(73,398)	(5,507)	-	(78,905)
Total accumulated depreciation	<u>\$ (858,858)</u>	<u>\$ (80,093)</u>	<u>\$ -</u>	<u>\$ (938,951)</u>
Total capital assets being depreciated, net	<u>\$ 315,052</u>	<u>\$ 277,386</u>	<u>\$ -</u>	<u>\$ 592,438</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	\$ (110,694)	\$ (6,268)	\$ 116,962	\$ -
Total capital assets being amortized, net	<u>\$ 6,268</u>	<u>\$ (6,268)</u>	<u>\$ -</u>	<u>\$ -</u>
Business-type activities capital assets, net	<u>\$ 431,503</u>	<u>\$ 347,873</u>	<u>\$ -</u>	<u>\$ 779,376</u>

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

Governmental Activities:	
General government administration	\$ 580,489
Public safety	275,915
Economic and physical development	543
Human services	79,289
Cultural and recreation	11,699
Total depreciation expense-governmental activities	<u>\$ 947,935</u>

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 6-Capital Assets (Continued)

Construction Commitments

The County had one active construction project as of June 30, 2025. At June 30, 2025, the government's commitments with contractors are as follows:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Alleghany High School	\$ 65,026,462	\$ 58,423,224	\$ 2,325,520	\$ 249,250

Note 7-Payables

Payables at the government-wide level at June 30, 2025, were as follows:

	Accrued Payroll		
	Vendors		Total
Governmental activities			
General	\$ 431,823	\$ 415,017	\$ 846,840
Opioid Settlement fund	-	-	-
Town of Sparta capital fund	337,000	-	337,000
School construction fund	2,576,475	-	2,576,475
Other governmental	187,748	5,713	193,461
Total governmental activities	<u>\$ 3,533,046</u>	<u>\$ 420,730</u>	<u>\$ 3,953,776</u>
Business-type activities			
Landfill	\$ 106,818	\$ 17,960	\$ 124,778

As of June 30, 2025, 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 (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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 LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

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, 2025, was 14.04% of compensation for law enforcement officers and 12.90% 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 \$1,050,134 for the year ended June 30, 2025.

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, 2025

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, 2025, the County reported a liability of \$4,811,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2025 the County's proportion was 0.07137% (measured as of June 30, 2024), which was an increase of 0.00338% from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$1,443,740. At June 30, 2025, 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	\$ 843,173	\$ 5,669
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	654,133	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	120,801	8,820
Employer contributions subsequent to the measurement date	1,050,134	-
Total	\$ 2,668,241	\$ 14,489

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Local Governmental Employees' Retirement System (Continued)

\$1,050,134 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, 2026. 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
2026	\$ 512,164
2027	982,473
2028	182,943
2029	(73,962)
2030	-
Thereafter	-
	<u><u>\$ 1,603,618</u></u>

Actuarial Assumptions

The total pension liability in the December 31, 2023 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 percent
Investment rate of return	6.50 percent, net pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2019+ 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, 2023 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2024 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 2.38%. All rates of return and inflation are annualized. Source data provided in the Annual Comprehensive Financial Report (ACFR) published on the NC Office of State Controller website.

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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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)	\$ 8,526,279	\$ 4,811,590	\$ 1,755,748

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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ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2023 valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	27
Total	<u>28</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, 2023 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per annum
Salary increases	3.25 - 7.75 percent per annum
Discount rate	4.28 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 June 30, 2024.

The actuarial assumptions used in the December 31, 2023 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Mortality Rate:

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 RP-2019 Total Data Set 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 \$14,253 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, 2025, the County reported a total pension liability of \$756,045. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$98,932.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,337	\$ 11,885
Change in assumptions	57,962	96,946
Employer contributions subsequent to the measurement date	14,253	-
Total	\$ 142,552	\$ 108,831

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

The County paid \$14,253 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, 2026. 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
2026	\$ 24,756
2027	8,947
2028	(9,770)
2029	(5,440)
2030	5,137
Thereafter	(4,162)
Total	\$ 19,468

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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 826,795	\$ 756,045	\$ 692,486

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

Beginning balance	724,991
Service cost	42,635
Interest on the total pension liability	28,826
Changes of benefit terms	-
Differences between expected and actual experience	(12,643)
Changes of assumptions or other inputs	(19,058)
Benefit payments	(8,706)
Ending balance of the total pension liability	<u>756,045</u>

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Law Enforcement Officers' Special Separation Allowance (Continued)

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent at December 31, 2023 (prior measurement date) to 4.28 percent at December 31, 2024 (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, 2023, 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, or at www.osc.nc.gov.

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 \$69,705 for the reporting year. No amounts were forfeited.

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ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

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.

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 \$1,279 for the year ended June 30, 2025.

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

At June 30, 2025, the County reported an asset of \$18,328 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024, the County's proportion was 0.15906%, which was a decrease of 0.23118% from its proportion measured as of June 30, 2023.

ALLEGHANY COUNTY, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

For the year ended June 30, 2025, the County recognized pension expense of \$3212. At June 30, 2025, 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	\$ 402	\$ 328
Net difference between projected and actual earnings on pension plan investments	7,078	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,456	5,173
Employer contributions subsequent to the measurement date	1,279	-
Total	\$ 17,215	\$ 5,501

\$1,279 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, 2026.

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	
2026	\$ 2,490	
2027	7,277	
2028	643	
2029	25	
2030	-	
Thereafter	-	
Total	\$ 10,435	

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

Registers of Deeds' Supplemental Pension Fund (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25-8.25 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, 2023 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, 2025 is 0.9%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2022 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 3.00%. 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 (4.00 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)	\$ (12,144)	\$ (18,328)	\$ (23,538)

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, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023. The total pension liability for LEOSSA was measured as of June 30, 2024, with an actuarial valuation date of December 31, 2023.

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)	\$ 4,811,590	n/a	\$ (18,328)	\$ 4,793,262
Proportion of the net pension liability (asset)	0.07137%	n/a	0.15906%	n/a
Total pension liability	n/a	\$ 756,045	n/a	\$ 756,045
Pension expense	\$ 1,443,740	\$ 98,932	\$ 3,212	\$ 1,545,884

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 8-Pension Plan Obligations (Continued)

At June 30, 2025, 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	\$ 843,173	\$ 70,337	\$ 402	\$ 913,912
Change in assumptions	-	57,962	-	57,962
Net difference between projected and actual earnings on pension plan investments	654,133	-	7,078	661,211
Changes in proportion and differences between employer contributions and proportionate share of contributions	120,801	-	8,456	129,257
Employer contributions subsequent to the measurement date	1,050,134	14,253	1,279	1,065,666
Total	\$ 2,668,241	\$ 142,552	\$ 17,215	\$ 2,828,008
Deferred Inflows of Resources	LGERS	LEOSSA	ROD	Total
Differences between expected and actual experience	\$ 5,669	\$ 11,885	\$ 328	\$ 17,882
Change in assumptions	-	96,946	-	96,946
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,820	-	5,173	13,993
Total	\$ 14,489	\$ 108,831	\$ 5,501	\$ 128,821

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, 2025

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, 2023, the date of the latest actuarial valuation.

Inactive employees or beneficiaries	
currently receiving benefits	45
Active employees	122
Total	167

Total OPEB Liability

The County's total OPEB liability of \$8,644,901, was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2023 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	3.93 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%-7.90%
Healthcare cost trends	Pre-Medicare Medical and Prescription Drug - 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033; Medicare Medical and Prescription Drug - 5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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, 2023 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, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Schedule of Changes in Total OPEB Liability		
Total OPEB liability as of July 1, 2023	\$	8,642,101
Changes for the year:		
Service cost		328,764
Interest		317,899
Difference between expected and actual experience		210,509
Changes in assumptions and other inputs		(327,047)
Benefit payments and implicit subsidy credit		(527,325)
Net changes	\$	2,800
Balances at June 30, 2024	\$	8,644,901

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 (2.93 percent) or one percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	\$ 9,903,218	\$ 8,644,901	\$ 7,912,556

ALLEGHANY COUNTY, NORTH CAROLINA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2025

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	<u>\$ 7,420,006</u>	<u>\$ 8,644,901</u>	<u>\$ 10,173,357</u>

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

For the year ended June 30, 2025, the County recognized OPEB expense of \$64,162. At June 30, 2025, 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	\$ 440,926	\$ 1,755,991
Change in assumptions	895,759	1,543,565
Employer contributions subsequent to the measurement date	238,272	-
Total	<u>\$ 1,574,957</u>	<u>\$ 3,299,556</u>

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ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 9-Other Postemployment Benefits (Continued)

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

\$238,272 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, 2026. 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
2026	\$ (512,349)	
2027	(343,687)	
2028	(647,367)	
2029	(380,187)	
2030	(75,885)	
Thereafter	(3,396)	
Total	<u>\$ (1,962,871)</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, 2025

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	\$ 1,051,413
Benefit payments/administration costs paid for LEOSSA subsequent to the measurement date	14,253
Benefit payments/administration costs paid for OPEB subsequent to the measurement date	238,272
Differences between expected and actual experience	1,354,838
Changes of assumptions	953,721
Net difference between projected and actual earnings on pension plan investments	661,211
Change in proportion and difference between County contributions and proportionate share of contributions	129,257
Total	\$ 4,402,965

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

Source	General Fund	Opioid Settlement Major Special Revenue Fund	Non-major Governmental Funds	Government-Wide Statement of Net Position
Prepaid taxes not yet earned	\$ 88,191	\$ -	\$ -	\$ 88,191
EMS receivable, net	188,150	-	-	-
Ad valorem taxes receivable, net	287,474	-	22,018	-
Restricted Opioid receivables, net	-	1,138,265	-	-
Differences between expected and actual experience	-	-	-	1,773,873
Changes of assumptions	-	-	-	1,640,511
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Change in proportion and difference between County contributions and proportionate share of contributions	-	-	-	13,993
Total	\$ 563,815	\$ 1,138,265	\$ 22,018	\$ 3,516,568

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 12-Risk Management

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

Through these pools, the County obtains property coverage equal to 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. Additional sub-limits are \$10,000,000 for earthquakes and \$50,000,000 per named storm.

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. The County Finance Officer is individually bonded for \$1,000,000. 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, 2025

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 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. An initial lease liability was recorded in the amount of \$233,915. As of June 30, 2025 the value of the liability is \$143,144. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.00%.

The third agreement was executed July 1, 2023 to lease office space for social services in a building and requires 60 monthly payments of \$2,500. An initial lease liability was recorded in the amount of \$142,869. As of June 30, 2025 the value of the liability is \$87,283. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.00%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	\$ 75,279	\$ 3,921
2027	76,799	2,401
2028	78,349	851
2029	-	-
2030	-	-
Total	\$230,427	\$ 7,173

Primary Government-Governmental Activities Obligations

The following is a summary of long-term obligations transactions of the County for the year ended June 30, 2025:

	Beginning Balance	Restatement	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Direct borrowings and direct placements	\$ 1,977,127	\$ -	\$ 1,977,127	\$ 6,849,620	\$ (697,650)	\$ 8,129,097
Lease liabilities	304,217	-	304,217	-	(73,790)	230,427
Total pension liability (LEOSSA)	724,991	-	724,991	71,461	(40,407)	756,045
Net pension liability (LGERS)	4,394,436	-	4,394,436	2,609,539	(2,330,701)	4,673,274
Compensated absences*	408,417	1,696,702	2,105,119	447,857	-	2,552,976
Total OPEB liability	8,388,023	-	8,388,023	831,971	(829,253)	8,390,741
Total	\$ 16,197,211	\$ 1,696,702	\$ 17,893,913	\$ 10,810,448	\$ (3,971,801)	\$ 24,732,560

*The change in the compensated absences liability is presented as a net change

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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
2026	\$ 953,759	\$ 293,838
2027	933,324	260,205
2028	923,109	226,571
2029	866,629	193,291
2030	866,629	161,075
2030-2033	<u>3,585,647</u>	<u>349,963</u>
Totals	<u>\$ 8,129,097</u>	<u>\$ 1,484,943</u>

Details of long-term obligations:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Direct Borrowings and Direct Placements:</u>						
Blue Ridge Library	0.00%	10/20/2016	2027	\$ 306,525	\$ 40,869	\$ 30,652
Safety Training/Glade Creek	2.51%	4/10/2013	2029	847,176	169,435	56,478
Building Improvements	3.07%	6/20/2019	2030	900,000	450,000	90,000
QZAB School Improvements	0.00%	10/20/2017	2033	1,375,000	733,333	91,667
School Construction	4.30%	3/18/2025	2035	6,849,620	6,735,460	684,962
Total direct borrowings and direct placements					<u>\$ 8,129,097</u>	<u>\$ 953,759</u>
<u>Other Obligations:</u>						
Lease liabilities					\$ 230,427	\$ 75,279
Total pension liability (LEOSSA)					756,045	-
Net pension liability (LGERS)					4,673,274	-
Compensated absences					2,552,976	1,914,732
Total OPEB liability					8,390,741	-
Total other obligations					<u>\$ 16,603,463</u>	<u>\$ 1,990,011</u>
Total long-term obligations					<u>\$ 24,732,560</u>	<u>\$ 2,943,770</u>

Compensated absences for governmental activities typically have been liquidated in the General Fund. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned, and are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$17,263,767 relates to assets the County holds.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 property 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, 2025 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, 2025:

	Beginning Balance	Restatement	Beginning Balance, as restated	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Net pension liability (LGERS)	\$ 108,402	\$ -	\$ 108,402	\$ 76,702	\$ (46,788)	\$ 138,316
Compensated absences*	20,107	63,134	83,241	-	(1,953)	81,288
Lease liabilities	6,343	-	6,343	-	(6,343)	-
Accrued landfill closure and post-closure care costs	35,775	-	35,775	859	-	36,634
Total OPEB liability	254,078	-	254,078	25,201	(25,119)	254,160
Total	\$ 424,705	\$ 63,134	\$ 487,839	\$ 102,762	\$ (80,203)	\$ 510,398

*The change in the compensated absences liability is presented as a net change

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
Other Obligations:		
Net pension liability (LGERS)	\$ 138,316	\$ -
Compensated absences	81,288	60,966
Accrued landfill closure and post-closure care costs	36,634	-
Total OPEB liability	254,160	-
Total other obligations	\$ 510,398	\$ 60,966
Total long-term obligations	\$ 510,398	\$ 60,966

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

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 \$36,634 reported as landfill postclosure care liability at June 30, 2025 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, 2025 as noted below:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 202,515	\$ 2,450,721
Emergency Telephone System Fund	-	21,561
School Construction Fund	1,500,000	-
School Capital Project Fund	943,448	173,681
Total	\$ 2,645,963	\$ 2,645,963

Note 16-Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 17- Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion nationwide settlement related to multiple opioid lawsuits. These funds are disbursed to each participating State over an 18-year period according to an allocation agreement reached with participating States. The majority of the funds must be used for opioid abatement and remediation activities and programs and the distribution of the funds is front loaded. The North Carolina MOA between the State and local governments allocates funds 15% to the State, 80% to local governments, and 5% to a County incentive fund.

The County received \$147,361 in the current fiscal year, spent \$124,230, and, per the MOA, accounts for the amounts in a special revenue fund, the Opioid Settlement Fund (major fund).

In July 2025, Secondary Opioid Manufacturer Settlements were reached with Alvogen Inc., Amneal Pharmaceuticals LLC, Apotex Corp., Hikma Pharmaceuticals USA, Indivior Inc., Sun Pharmaceutical Industries Inc., and Zydus Pharmaceuticals Inc. A settlement was also reached with Purdue Pharma L.P.'s bankruptcy plan for \$7.4 billion. The Secondary Settlements are subject to the terms of the existing MOA with the State.

Note 18- Restatement of Beginning Balances

Accrual basis of accounting

	Governmental Activities	Business-type Activities
Net Position, beginning, as previously reported	\$ 22,317,020	600,944
Remove school capital assets on county listing (net of accumulated depreciation)	(7,639,921)	-
GASB 101 implementation	(1,696,702)	(63,134)
Net Position, beginning, as restated	\$ 12,980,397	\$ 537,810

Note 19-Adoption of Account Principle

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences*, was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This change restated and reduced beginning net position of governmental activities in the government-wide statements by \$1,696,702. This change restated and reduced beginning net position of government-wide business-type activities and proprietary funds by \$63,134.

ALLEGHANY COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

Note 20-Upcoming Pronouncements

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Statement No. 104, *Disclosures of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update-2025*, effective for fiscal years beginning after June 15, 2025.

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

Required Supplementary Information

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						
2025	0.07137%	\$ 4,811,590	\$ 6,483,995	74.21%		83.30%
2024	0.06799%	4,502,838	5,682,301	79.24%		82.49%
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%

* 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 Contractually Required Contribution		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll	
	Contractually Required Contribution	Contractually Required Contribution			(5)	
Date	(1)	(2)	(3)	(4)	(5)	
2025	\$ 1,050,134	\$ 1,050,134	-	\$ 7,543,716	13.92%	
2024	842,616	842,616	-	6,483,995	13.00%	
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%	

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 724,991	\$ 606,283	\$ 645,972	\$ 632,418	\$ 393,460	\$ 345,997	\$ 343,028	\$ 308,408	\$ 317,365
Changes for the year:									
Service Cost	42,635	33,461	44,741	42,995	26,065	20,307	19,805	15,191	15,532
Interest on the total pension liability	28,826	25,944	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	(12,643)	49,368	42,383	(2,596)	39,674	20,874	15,101	16,063	-
Changes of assumptions or other inputs	(19,058)	18,508	(129,448)	(20,143)	180,156	12,756	(14,570)	19,765	(7,555)
Benefit payments	(8,706)	(8,673)	(11,767)	(18,727)	(19,447)	(18,727)	(27,768)	(27,768)	(27,768)
Net changes	31,054	118,708	(39,689)	13,354	238,958	47,463	2,969	34,620	(8,957)
Ending balance of the total pension liability	<u>\$ 756,045</u>	<u>\$ 724,991</u>	<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	\$ 1,344,102	\$ 1,148,962	\$ 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	56.25%	63.10%	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.

Schedule A-4

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*

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2025	0.15906%	\$ (18,328)	133.61%
2024	0.23118%	(27,781)	135.74%
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%

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

Schedule A-5

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

Date	Contributions in Relation to Contractually Required Contribution			Contribution Deficiency (Excess)
	(1)	(2)	(3)	
2025	\$ 1,279	\$ 1,279	\$ -	
2024	1,368	1,368	-	
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	-	

Alleghany County, North Carolina
 Schedule of Changes in Total OPEB Liability and Related Ratios
 Health Insurance

	Last Seven Fiscal Years*						
	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability							
Service cost	\$ 328,764	\$ 341,626	\$ 467,099	\$ 542,198	\$ 379,842	\$ 427,831	\$ 443,280
Interest	317,899	371,504	269,888	274,512	341,551	392,293	361,631
Differences between expected and actual experience	210,509	(2,035,017)	517,170	(598,517)	(6,832)	(1,163,028)	4,860
Changes in assumptions and other inputs	(327,047)	77,111	(2,469,465)	598,472	2,206,831	(45,102)	(542,706)
Benefits payments and implicit subsidy credit	(527,325)	(527,307)	(792,261)	(545,126)	(297,312)	(327,881)	(353,368)
Net change in total OPEB liability	\$ 2,800	\$ (1,772,083)	\$ (2,007,569)	\$ 271,539	\$ 2,624,080	\$ (720,887)	\$ (86,303)
Total OPEB liability - beginning	\$ 8,642,101	\$ 10,414,184	\$ 12,421,753	\$ 12,150,214	\$ 9,526,134	\$ 10,247,021	\$ 10,813,199
Total OPEB liability - ending	<u>\$ 8,644,901</u>	<u>\$ 8,642,101</u>	<u>\$ 10,414,184</u>	<u>\$ 12,421,753</u>	<u>\$ 12,150,214</u>	<u>\$ 9,526,134</u>	<u>\$ 10,247,021</u>
Covered-employee payroll	\$ 5,033,105	\$ 5,033,105	\$ 4,015,387	\$ 4,015,387	\$ 4,169,340	\$ 4,169,340	\$ 3,685,961
Total OPEB liability (asset) as a percentage of covered-employee payroll	171.76%	171.71%	259.36%	309.35%	291.42%	228.48%	278.00%
							280.34%

* 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: 6/30/2023
 Measurement Date: 6/30/2024

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	3.93%
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% 7.90%
Healthcare Trend Rate	Pre-Medicare Medical and Prescription Drug - 7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033
Retirement Age	Medicare Medical and Prescription Drug - 5.125% for 2023 decreasing to an ultimate rate of 4.50% by 2026
Mortality Rates	The average age at retirement is 65 Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

Other Supplementary Information

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund Consolidated
For the Year Ended June 30, 2025

	General Fund	Revaluation Fund	Deeds Automation and Preservation Fund	Total General Fund Consolidated
REVENUES				
Ad valorem taxes	\$ 12,904,485	\$ -	\$ -	\$ 12,904,485
Other taxes	4,717,850	-	-	4,717,850
Unrestricted intergovernmental	68,190	-	-	68,190
Restricted intergovernmental	3,100,311	-	-	3,100,311
Permits and fees	236,715	-	-	236,715
Sales and services	874,278	-	-	874,278
Investment earnings	421,139	-	-	421,139
Miscellaneous	1,011,159	-	-	1,011,159
Total revenues	<u>\$ 23,334,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,334,127</u>
EXPENDITURES				
Current				
General government administration	\$ 4,355,205	\$ 50,009	\$ 4,737	\$ 4,409,951
Public safety	7,007,852	-	-	7,007,852
Economic and physical development	495,314	-	-	495,314
Human services	3,885,964	-	-	3,885,964
Cultural and recreational	396,098	-	-	396,098
Education	3,533,802	-	-	3,533,802
Debt service				
Principal retirement	771,440	-	-	771,440
Interest and fees	94,246	-	-	94,246
Total debt service	<u>\$ 865,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,686</u>
Total expenditures	<u>\$ 20,539,921</u>	<u>\$ 50,009</u>	<u>\$ 4,737</u>	<u>\$ 20,594,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,794,206</u>	<u>\$ (50,009)</u>	<u>\$ (4,737)</u>	<u>\$ 2,739,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 195,242	\$ -	\$ 7,273	\$ 202,515
Transfers out	(2,450,721)	-	-	(2,450,721)
Total other financing sources (uses)	<u>\$ (2,255,479)</u>	<u>\$ -</u>	<u>\$ 7,273</u>	<u>\$ (2,248,206)</u>
Net change in fund balances	\$ 538,727	\$ (50,009)	\$ 2,536	\$ 491,254
Fund balances - beginning	14,950,023	85,852	74,253	15,110,128
Fund balances - ending	<u>\$ 15,488,750</u>	<u>\$ 35,843</u>	<u>\$ 76,789</u>	<u>\$ 15,601,382</u>

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
REVENUES					
Ad valorem taxes:					
Taxes	\$ 12,057,162	\$ 12,062,162	\$ 12,834,248	\$ 772,086	
Penalties and interest	50,200	50,200	70,237		20,037
Total	<u>\$ 12,107,362</u>	<u>\$ 12,112,362</u>	<u>\$ 12,904,485</u>		<u>792,123</u>
Other taxes:					
Local option sales taxes	\$ 4,080,300	\$ 4,430,300	\$ 4,506,844	\$ 76,544	
Deed stamp excise tax	100,000	100,000	125,185		25,185
PEG revenue	86,000	86,000	85,821		(179)
Total	<u>\$ 4,266,300</u>	<u>\$ 4,616,300</u>	<u>\$ 4,717,850</u>		<u>101,550</u>
Unrestricted intergovernmental:					
Beer and wine taxes	\$ 41,000	\$ 41,000	\$ 38,316	\$ (2,684)	
Contribution from Alleghany Board of Education	29,873	203,554	29,874		(173,680)
Total	<u>\$ 70,873</u>	<u>\$ 244,554</u>	<u>\$ 68,190</u>		<u>(176,364)</u>
Restricted intergovernmental:					
Federal and state grants	\$ 2,815,564	\$ 3,288,539	\$ 3,100,311	\$ (188,228)	
Total	<u>\$ 2,815,564</u>	<u>\$ 3,288,539</u>	<u>\$ 3,100,311</u>		<u>(188,228)</u>
Permits and fees:					
Register and Deed's fees	\$ 75,000	\$ 75,000	\$ 70,061	\$ (4,939)	
Beer and wine permits	100	100	1,650		1,550
Building and inspector fees	110,000	110,000	149,875		39,875
Fire inspector fees	2,000	2,000	420		(1,580)
Pistol permits	10,000	10,000	13,700		3,700
Other permits and fees	2,450	2,450	1,009		(1,441)
Total	<u>\$ 199,550</u>	<u>\$ 199,550</u>	<u>\$ 236,715</u>		<u>37,165</u>
Sales and services:					
Boarding of prisoners	\$ 140,000	\$ 140,000	\$ 227,354	\$ 87,354	
Facility fees	9,000	9,000	12,964		3,964
Officer fees	24,000	24,000	34,242		10,242
Jail fees	45,000	45,000	46,790		1,790
Rents and concessions	60,106	60,106	54,605		(5,501)
Tag office revenues	57,000	57,000	73,767		16,767
Recreation fees	17,000	17,000	10,821		(6,179)
Ambulance fees	500,000	500,000	413,735		(86,265)
Total	<u>\$ 852,106</u>	<u>\$ 852,106</u>	<u>\$ 874,278</u>		<u>22,172</u>
Investment earnings:					
Total	<u>\$ 555,000</u>	<u>\$ 562,500</u>	<u>\$ 421,139</u>		<u>(141,361)</u>

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
				Over (Under)	
REVENUES (Continued)					
Miscellaneous:					
ABC Store profit-regular	\$ -	\$ -	\$ 695	\$ 695	
Reimbursements	322,300	322,300	300,506	(21,794)	
Contributions	15,570	32,623	65,134	32,511	
Miscellaneous	185,650	732,707	624,034	(108,673)	
Payments in lieu of tax	17,500	17,500	20,790	3,290	
Total	\$ 541,020	\$ 1,105,130	\$ 1,011,159	\$ (93,971)	
Total revenues	\$ 21,407,775	\$ 22,981,041	\$ 23,334,127	\$ 353,086	
EXPENDITURES					
General government administration:					
Governing body	\$ 89,751	\$ 99,359	\$ 94,839	\$ 4,520	
Administration	426,843	555,439	518,991	36,448	
Finance	505,720	555,784	546,064	9,720	
Elections	219,528	219,528	215,614	3,914	
Planning/Economic development	201,311	204,162	202,471	1,691	
Tax administration	577,820	601,055	588,279	12,776	
Mapping	121,228	121,228	118,067	3,161	
Court facilities	8,200	8,200	4,619	3,581	
Register of deeds	301,917	305,130	293,321	11,809	
Public buildings	834,432	865,007	843,609	21,398	
Transportation	200,249	192,103	182,453	9,650	
Tag office	74,853	72,890	64,256	8,634	
Insurance	518,100	583,818	543,407	40,411	
Other general government	149,409	242,773	139,215	103,558	
Total general government administration	\$ 4,229,361	\$ 4,626,476	\$ 4,355,205	\$ 271,271	
Public safety:					
Sheriff	\$ 2,654,337	\$ 2,757,159	\$ 2,637,314	\$ 119,845	
Roaring Gap deputies	178,153	183,858	154,461	29,397	
Jail	1,029,155	1,069,176	1,045,866	23,310	
Dispatchers	566,511	668,850	656,126	12,724	
Animal control	114,000	74,000	56,709	17,291	
Fire and rescue	217,406	217,406	209,906	7,500	
Emergency management	140,213	142,213	129,965	12,248	
Ambulance service	1,683,043	1,737,043	1,670,394	66,649	
Inspections	187,654	187,654	178,827	8,827	
Kitchen	268,259.00	268,289	268,284	5	
Total public safety	\$ 7,038,731	\$ 7,305,648	\$ 7,007,852	\$ 297,796	
Economic and physical development:					
Agricultural extension	\$ 233,104	\$ 233,104	\$ 228,314	\$ 4,790	
Soil and water conservation	147,658	157,166	153,627	3,539	
Special appropriations	45,000	45,000	45,000	-	
Alleghany Business Development Center	53,500	43,931	35,049	8,882	
Economic development	222,334	222,334	33,324	189,010	
Total economic and physical development	\$ 701,596	\$ 701,535	\$ 495,314	\$ 206,221	

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
EXPENDITURES (Continued)					
Human services:					
Health	\$ 289,265	\$ 289,265	\$ 283,052	\$ 6,213	
Mental health	20,000	20,000	20,000	-	
Social services administration	2,616,937	2,692,926	2,508,365	184,561	
Other social services	1,099,425	1,266,683	848,285	418,398	
Veterans administration	66,072	66,073	65,146	927	
Contributions to other agencies	154,100	161,486	161,116	370	
Total human services	\$ 4,245,799	\$ 4,496,433	\$ 3,885,964	\$ 610,469	
Cultural and recreational:					
Recreation	\$ 205,843	\$ 210,973	\$ 195,272	\$ 15,701	
Libraries	197,451	197,451	197,451	-	
Other cultural and recreational	3,375	3,375	3,375	-	
Total cultural and recreational	\$ 406,669	\$ 411,799	\$ 396,098	\$ 15,701	
Education:					
Public schools-current expense	\$ 2,973,285	\$ 3,254,226	\$ 3,254,226	\$ -	
Community-based alternatives	69,774	82,348	79,924	2,424	
Wilkes Community College	199,652	199,652	199,652	-	
Total education	\$ 3,242,711	\$ 3,536,226	\$ 3,533,802	\$ 2,424	
Nondepartmental:					
Contingencies	\$ 250,000	\$ 79,735	\$ -	\$ 79,735	
Total nondepartmental	\$ 250,000	\$ 79,735	\$ -	\$ 79,735	
Debt service:					
Principal retirement	\$ 650,682	\$ 771,443	\$ 771,440	\$ 3	
Interest and fees	34,726	94,246	94,246	-	
Total debt service	\$ 685,408	\$ 865,689	\$ 865,686	\$ 3	
Total expenditures	\$ 20,800,275	\$ 22,023,541	\$ 20,539,921	\$ 1,483,620	
Excess (deficiency) of revenues over (under) expenditures	\$ 607,500	\$ 957,500	\$ 2,794,206	\$ 1,836,706	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 195,242	\$ 195,242	
Transfers out	(607,500)	(2,457,500)	(2,450,721)	6,779	
Appropriated fund balance	-	1,500,000	-	(1,500,000)	
Total other financing sources (uses)	\$ (607,500)	\$ (957,500)	\$ (2,255,479)	\$ (1,297,979)	
Net change in fund balance	\$ -	\$ -	\$ 538,727	\$ 538,727	
Fund balance - beginning				14,950,023	
Fund balance - ending				\$ 15,488,750	

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Revaluation Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
EXPENDITURES					
General government administration	\$ 296,089	\$ 296,089	\$ 50,009	\$ 246,080	
Total expenditures	\$ 296,089	\$ 296,089	\$ 50,009	\$ 246,080	
Excess (deficiency) of revenues over (under) expenditures	\$ (296,089)	\$ (296,089)	\$ (50,009)	\$ 246,080	
OTHER FINANCING SOURCES (USES)					
Appropriated fund balance	\$ 296,089	\$ 296,089	\$ -	\$ (296,089)	
Total other financing sources (uses)	\$ 296,089	\$ 296,089	\$ -	\$ (296,089)	
Net change in fund balance	\$ -	\$ -	\$ (50,009)	\$ (50,009)	
Fund balance - beginning				85,852	
Fund balance - ending				\$ 35,843	

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, 2025

	Budgeted Amounts			Variance with Final Budget		
	Original	Final	Actual	Over (Under)		
				\$	\$	\$
EXPENDITURES						
General government administration	\$ 10,000	\$ 10,000	\$ 4,737	\$	\$ 5,263	
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 4,737</u>	<u>\$</u>	<u>\$ 5,263</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ (4,737)</u>	<u>\$</u>	<u>\$ 5,263</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 10,000	\$ 10,000	\$ 7,273	\$	\$ (2,727)	
Total other financing sources (uses)	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 7,273</u>	<u>\$</u>	<u>\$ (2,727)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,536</u>	<u>\$</u>	<u>\$ 2,536</u>	
Fund balance - beginning			74,253			
Fund balance - ending			<u>\$ 76,789</u>	<u>\$</u>	<u>\$ 76,789</u>	

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, 2025

	Project Authorization	Prior Years	Actual		Variance with Final Budget	
			Current Year	Project to Date	Over (Under)	
REVENUES						
Restricted intergovernmental	\$ 2,000,000	\$ 198,270	\$ 1,433,987	\$ 1,632,257	\$ (367,743)	
Total revenues	\$ 2,000,000	\$ 198,270	\$ 1,433,987	\$ 1,632,257	\$ (367,743)	
EXPENDITURES						
Capital outlay	\$ 2,000,000	\$ 198,270	\$ 1,433,987	\$ 1,632,257	\$ 367,743	
Total expenditures	\$ 2,000,000	\$ 198,270	\$ 1,433,987	\$ 1,632,257	\$ 367,743	
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, 2025

	Project Authorization	Prior Years	Actual Current Year	Variance with Final Budget	
				Project to Date	Over (Under)
REVENUES					
Restricted intergovernmental	\$ 400,000	\$ 24,600	\$ -	\$ 24,600	\$ (375,400)
Total revenues	\$ 400,000	\$ 24,600	\$ -	\$ 24,600	\$ (375,400)
EXPENDITURES					
Capital outlay	\$ 400,000	\$ 24,600	\$ -	\$ 24,600	\$ 375,400
Total expenditures	\$ 400,000	\$ 24,600	\$ -	\$ 24,600	\$ 375,400
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
Town of Sparta Capital Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
REVENUES					
Restricted intergovernmental	\$ -	\$ 15,100,000	\$ 941,580	(14,158,420)	
Investment earnings	- -	- -	337,625	337,625	
Total revenues	<u>\$ -</u>	<u>\$ 15,100,000</u>	<u>\$ 1,279,205</u>	<u>\$ (13,820,795)</u>	
EXPENDITURES					
Capital contributions to Town of Sparta	\$ -	\$ 15,100,000	\$ 941,580	14,158,420	
Total expenditures	<u>\$ -</u>	<u>\$ 15,100,000</u>	<u>\$ 941,580</u>	<u>\$ 14,158,420</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,625</u>	<u>\$ 337,625</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,625</u>	<u>\$ 337,625</u>	
Fund balance - beginning					-
Fund balance - ending					<u>\$ 337,625</u>

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Construction Fund
For the Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget Over (Under)
REVENUES					
Restricted intergovernmental	\$ 59,000,000	\$ -	\$ 6,908,985	\$ 6,908,985	\$ (52,091,015)
Investment earnings	-	-	44,651	44,651	44,651
Total revenues	<u>\$ 59,000,000</u>	<u>\$ -</u>	<u>\$ 6,953,636</u>	<u>\$ 6,953,636</u>	<u>\$ (52,046,364)</u>
EXPENDITURES					
School capital expenses	\$ 69,915,569	\$ -	\$ 6,917,486	\$ 6,917,486	\$ (62,998,083)
Total expenditures	<u>\$ 69,915,569</u>	<u>\$ -</u>	<u>\$ 6,917,486</u>	<u>\$ 6,917,486</u>	<u>\$ (62,998,083)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,915,569)</u>	<u>\$ -</u>	<u>\$ 36,150</u>	<u>\$ 36,150</u>	<u>\$ 10,951,719</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 4,065,949	\$ -	\$ 1,500,000	\$ 1,500,000	\$ (2,565,949)
Proceeds of note payable	6,849,620	-	6,849,620	6,849,620	-
Total other financing sources (uses)	<u>\$ 10,915,569</u>	<u>\$ -</u>	<u>\$ 8,349,620</u>	<u>\$ 8,349,620</u>	<u>\$ (2,565,949)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,385,770</u>	<u>\$ 8,385,770</u>	<u>\$ 8,385,770</u>
Fund balance - beginning					-
Fund balance - ending					<u>\$ 8,385,770</u>

Alleghany County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash and cash equivalents	\$ 455,190	\$ 1,243,292	\$ 1,698,482
Receivables (net of allowance for uncollectibles):			
Taxes receivable	37,053	-	37,053
Accounts receivable	26,665	-	26,665
Restricted assets:			
Cash and cash equivalents	16,634	-	16,634
Total assets	<u>\$ 535,542</u>	<u>\$ 1,243,292</u>	<u>\$ 1,778,834</u>
LIABILITIES			
Accounts payable	\$ 127,279	\$ 60,469	\$ 187,748
Accrued salaries	5,713	-	5,713
Unearned revenue	320	23,245	23,565
Total liabilities	<u>\$ 133,312</u>	<u>\$ 83,714</u>	<u>\$ 217,026</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - ad valorem taxes receivable	\$ 22,018	\$ -	\$ 22,018
FUND BALANCES			
Restricted:			
Stabilization by State Statute	\$ 41,700	\$ -	\$ 41,700
Emergency Telephone System	181,086	-	181,086
Other	16,514	-	16,514
Recreation	-	98,364	98,364
Assigned	<u>140,912</u>	<u>1,061,214</u>	<u>1,202,126</u>
Total fund balances	<u>\$ 380,212</u>	<u>\$ 1,159,578</u>	<u>\$ 1,539,790</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 535,542</u></u>	<u><u>\$ 1,243,292</u></u>	<u><u>\$ 1,778,834</u></u>

Alleghany County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Ad valorem taxes	\$ 982,589	\$ -	\$ 982,589
Other taxes	243,588	-	243,588
Restricted intergovernmental	742,027	76,755	818,782
Permits and fees	88,464	-	88,464
Service and fees	64,002	-	64,002
Miscellaneous	184,876	-	184,876
Total revenues	<u>\$ 2,305,546</u>	<u>\$ 76,755</u>	<u>\$ 2,382,301</u>
EXPENDITURES			
General government administration	\$ 386,403	\$ -	\$ 386,403
Public safety	1,073,565	-	1,073,565
Economic and physical development	16,414	-	16,414
Human services	939,004	-	939,004
Capital outlay	-	1,176,876	1,176,876
Total expenditures	<u>\$ 2,415,386</u>	<u>\$ 1,176,876</u>	<u>\$ 3,592,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (109,840)</u>	<u>\$ (1,100,121)</u>	<u>\$ (1,209,961)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 943,448	\$ 943,448
Transfers out	(21,561)	(250,436)	(271,997)
Total other financing sources (uses)	<u>\$ (21,561)</u>	<u>\$ 693,012</u>	<u>\$ 671,451</u>
Net change in fund balances	\$ (131,401)	\$ (407,109)	\$ (538,510)
Fund balances - beginning	511,613	1,566,687	2,078,300
Fund balances - ending	<u>\$ 380,212</u>	<u>\$ 1,159,578</u>	<u>\$ 1,539,790</u>

Alleghany County, North Carolina
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2025

	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone System Fund	Soil and Water Fund	Representative Payee Fund	Deed of Trust Fund	Fire Tax Fund	Fines and Forfeitures Fund	DPS Law Grant Fund	Law Enforcement Fund	Total
ASSETS												
Cash and cash equivalents	\$ 72,062	\$ 19,208	\$ -	\$ 181,999	\$ 727	\$ 35,218	\$ 27,427	\$ 118,229	\$ -	\$ 320	\$ 455,190	
Receivables (net of allowance for uncollectibles):												
Taxes receivable	-	-	-	-	10,502	-	-	-	37,053	-	-	37,053
Accounts receivable	16,163	-	-	-	-	-	-	-	-	-	-	26,665
Restricted assets:	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	16,634	-	-	-	-	-	-	-	-	16,634
Total assets	\$ 88,225	\$ 19,208	\$ 16,634	\$ 192,501	\$ 727	\$ 35,218	\$ 27,427	\$ 155,282	\$ -	\$ 320	\$ 535,542	
LIABILITIES												
Accounts payable	\$ 48	\$ 130	\$ 120	\$ 913	\$ -	\$ -	\$ 27,427	\$ 98,641	\$ -	\$ -	\$ -	127,279
Accrued salaries	5,713	-	-	-	-	-	-	-	-	-	-	5,713
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	320
Total Liabilities	\$ 5,761	\$ 130	\$ 120	\$ 913	\$ -	\$ -	\$ 27,427	\$ 98,641	\$ -	\$ 320	\$ 133,312	
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue - ad valorem taxes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,018	\$ -	\$ -	\$ -	22,018
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,018	\$ -	\$ -	\$ -	22,018
FUND BALANCES												
Restricted:												
Stabilization by State Statute	\$ 16,163	\$ -	\$ -	\$ 10,502	\$ -	\$ -	\$ -	\$ 15,035	\$ -	\$ -	\$ -	41,700
Emergency Telephone System	-	-	-	181,086	-	-	-	-	-	-	-	181,086
Other	-	-	16,514	-	-	-	-	-	-	-	-	16,514
Assigned					727	35,218	-	19,588	-	-	-	140,912
Total fund balances	66,301	19,078	-	-	-	-	-	-	-	-	-	-
Total Liabilities and fund balances	\$ 82,464	\$ 19,078	\$ 16,514	\$ 191,588	\$ 727	\$ 35,218	\$ -	\$ 34,623	\$ -	\$ -	\$ -	380,212
	\$ 88,225	\$ 19,208	\$ 16,634	\$ 192,501	\$ 727	\$ 35,218	\$ 27,427	\$ 155,282	\$ -	\$ 320	\$ 535,542	

Alleghany County, North Carolina
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2025

	Transportation Fund	Fairgrounds Fund	Drug Fund	Emergency Telephone System Fund	Soil and Water Fund	Representative Payee Fund	Deed of Trust Fund	Fire Tax Fund	Fines and Forfeitures Fund	DPS Law Enforcement Grant Fund	Total
REVENUES											
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,589	\$ -	\$ -	\$ 982,589
Other taxes	478,604	-	2,162	126,027	-	-	243,588	-	-	-	243,588
Restricted intergovernmental	-	-	-	-	135,234	-	-	-	-	-	742,027
Permits and fees	-	9,651	-	-	-	-	88,464	-	-	-	88,464
Service and fees	-	-	-	-	-	-	-	-	54,351	-	64,002
Miscellaneous	184,876	-	-	-	-	-	-	-	-	-	184,876
Total revenues	\$ 663,480	\$ 9,651	\$ 2,162	\$ 126,027	\$ -	\$ 135,234	\$ 332,052	\$ 982,589	\$ 54,351	\$ -	\$ 2,305,546
EXPENDITURES											
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,052	\$ -	\$ 54,351	\$ -	\$ 386,403
Public safety	-	-	14,035	111,154	-	-	-	948,376	-	-	1,073,545
Economic and physical development	-	16,414	-	-	-	-	-	-	-	-	16,414
Human services	798,590	-	16,414	\$ 14,035	\$ 111,154	\$ -	\$ 140,414	-	-	-	939,004
Total expenditures	\$ 798,590	\$ 16,414	\$ 14,035	\$ 111,154	\$ -	\$ 140,414	\$ 332,052	\$ 948,376	\$ 54,351	\$ -	\$ 2,415,386
-9 Excess (deficiency) of revenues over (under) expenditures	\$ (135,110)	\$ (6,763)	\$ (11,873)	\$ 14,873	\$ -	\$ (5,180)	\$ -	\$ 34,213	\$ -	\$ -	\$ (109,840)
OTHER FINANCING SOURCES (USES)											
Transfers out	\$ -	\$ -	\$ -	\$ (21,561)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (21,561)
Net change in fund balances	\$ (135,110)	\$ (6,763)	\$ (11,873)	\$ (6,688)	\$ -	\$ (5,180)	\$ -	\$ 34,213	\$ -	\$ -	\$ (131,401)
Fund balances - beginning	217,574	25,841	28,387	198,276	727	40,398	-	410	-	-	511,613
Fund balances - ending	\$ 82,464	\$ 19,078	\$ 16,514	\$ 191,588	\$ 727	\$ 35,218	\$ -	\$ 34,623	\$ -	\$ -	\$ 380,212

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
				\$	\$
REVENUES					
Restricted intergovernmental	\$ 143,508	\$ 552,216	\$ 478,604	\$ (73,612)	
Miscellaneous	110,100	115,526	184,876		69,350
Total revenues	<u>\$ 253,608</u>	<u>\$ 667,742</u>	<u>\$ 663,480</u>	<u>\$ (4,262)</u>	
EXPENDITURES					
Human services	\$ 404,256	\$ 876,726	\$ 798,590	\$ 78,136	
Total expenditures	<u>\$ 404,256</u>	<u>\$ 876,726</u>	<u>\$ 798,590</u>	<u>\$ 78,136</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (150,648)</u>	<u>\$ (208,984)</u>	<u>\$ (135,110)</u>	<u>\$ 73,874</u>	
OTHER FINANCING SOURCES (USES)					
Appropriated fund balance	\$ 150,648	\$ 208,984	\$ -	\$ (208,984)	
Total other financing sources (uses)	<u>\$ 150,648</u>	<u>\$ 208,984</u>	<u>\$ -</u>	<u>\$ (208,984)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,110)</u>	<u>\$ (135,110)</u>	
Fund balance - beginning				217,574	
Fund balance - ending				<u>\$ 82,464</u>	

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fairgrounds Fund
For the Year Ended June 30, 2025

					Variance with Final Budget	
	Budgeted Amounts		Actual	Over (Under)		
	Original	Final				
REVENUES						
Service and fees	\$ 13,000	\$ 13,000	\$ 9,651	\$ (3,349)		
Miscellaneous	-	16,876	-	(16,876)		
Total revenues	\$ 13,000	\$ 29,876	\$ 9,651	\$ (20,225)		
EXPENDITURES						
Economic and physical development	\$ 26,000	\$ 42,876	\$ 16,414	\$ 26,462		
Total expenditures	\$ 26,000	\$ 42,876	\$ 16,414	\$ 26,462		
Excess (deficiency) of revenues over (under) expenditures	\$ (13,000)	\$ (13,000)	\$ (6,763)	\$ 6,237		
OTHER FINANCING SOURCES (USES)						
Appropriated fund balance	\$ 13,000	\$ 13,000	-	\$ (13,000)		
Total other financing sources (uses)	\$ 13,000	\$ 13,000	-	\$ (13,000)		
Net change in fund balance	\$ -	\$ -	\$ (6,763)	\$ (6,763)		
Fund balance - beginning				25,841		
Fund balance - ending				\$ 19,078		

Alleghany County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Drug Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
	\$	\$	\$	\$	\$
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ 2,162	\$ 2,162	
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,162</u>	<u>\$ 2,162</u>	
EXPENDITURES					
Public safety	\$ 24,738	\$ 24,738	\$ 14,035	\$ 10,703	
Total expenditures	<u>\$ 24,738</u>	<u>\$ 24,738</u>	<u>\$ 14,035</u>	<u>\$ 10,703</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (24,738)</u>	<u>\$ (24,738)</u>	<u>\$ (11,873)</u>	<u>\$ 12,865</u>	
OTHER FINANCING SOURCES (USES)					
Appropriated fund balance	\$ 24,738	\$ 24,738	\$ -	\$ (24,738)	
Total other financing sources (uses)	<u>\$ 24,738</u>	<u>\$ 24,738</u>	<u>\$ -</u>	<u>\$ (24,738)</u>	
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,873)</u>	<u>\$ (11,873)</u>	
Fund balance - beginning				28,387	
Fund balance - ending				<u>\$ 16,514</u>	

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, 2025

					Variance with Final Budget	
	Budgeted Amounts		Actual	Over (Under)		
	Original	Final				
REVENUES						
Restricted intergovernmental	\$ 126,027	\$ 126,027	\$ 126,027	\$ 126,027	\$ 126,027	-
Total revenues	\$ 126,027	\$ 126,027	\$ 126,027	\$ 126,027	\$ 126,027	-
EXPENDITURES						
Public safety						
Implemental functions	\$ 4,179	\$ 4,179	\$ 4,179	\$ 4,179	\$ 4,179	-
Telephone	\$ 49,776	\$ 49,776	\$ 35,322			14,454
Software and software maintenance	\$ 72,072	\$ 72,072	\$ 71,653			419
Total public safety	\$ 126,027	\$ 126,027	\$ 111,154	\$ 111,154	\$ 14,873	
Total expenditures	\$ 126,027	\$ 126,027	\$ 111,154	\$ 111,154	\$ 14,873	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 14,873	\$ 14,873	\$ 14,873	
OTHER FINANCING SOURCES (USES)						
Transfers out	\$ -	\$ -	\$ (21,561)	\$ (21,561)	\$ (21,561)	
Total other financing sources (uses)	\$ -	\$ -	\$ (21,561)	\$ (21,561)	\$ (21,561)	
Net change in fund balance	\$ -	\$ -	\$ (6,688)	\$ (6,688)	\$ (6,688)	
Fund balance - beginning						198,276
Fund balance - ending						\$ 191,588

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, 2025

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

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Restricted intergovernmental	\$ -	\$ -	\$ 135,234	\$ 135,234		
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,234</u>	<u>\$ 135,234</u>		
EXPENDITURES						
Human services	\$ -	\$ -	\$ 140,414	\$ (140,414)		
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,414</u>	<u>\$ (140,414)</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (5,180)	\$ (5,180)		
Net change in fund balance	\$ -	\$ -	\$ (5,180)	\$ (5,180)		
Fund balance - beginning	- -	- -	40,398	40,398		
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,218</u>	<u>\$ 35,218</u>		

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Other taxes	\$ 246,550	\$ 246,550	\$ 243,588	\$ (2,962)		
Permits and fees	108,150	108,150	88,464	(19,686)		
Total revenues	<u>\$ 354,700</u>	<u>\$ 354,700</u>	<u>\$ 332,052</u>	<u>\$ (22,648)</u>		
EXPENDITURES						
General government administration	\$ 354,700	\$ 354,700	\$ 332,052	\$ 22,648		
Total expenditures	<u>\$ 354,700</u>	<u>\$ 354,700</u>	<u>\$ 332,052</u>	<u>\$ 22,648</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -		
Net change in fund balance	\$ -	\$ -	\$ -	\$ -		
Fund balance - beginning	-	-	-	-		
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Ad valorem taxes	\$ 849,735	\$ 974,763	\$ 982,589		7,826	
Total revenues	<u>\$ 849,735</u>	<u>\$ 974,763</u>	<u>\$ 982,589</u>		<u>7,826</u>	
EXPENDITURES						
Public safety	\$ 849,735	\$ 974,763	\$ 948,376		\$ 26,387	
Total expenditures	<u>\$ 849,735</u>	<u>\$ 974,763</u>	<u>\$ 948,376</u>		<u>\$ 26,387</u>	
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 34,213		\$ 34,213	
Net change in fund balance	\$ -	\$ -	\$ 34,213		\$ 34,213	
Fund balance - beginning	-	-	410		410	
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,623</u>		<u>\$ 34,623</u>	

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Service and fees	\$ 30,000	\$ 60,000	\$ 54,351	\$ (5,649)		
Total revenues	<u>\$ 30,000</u>	<u>\$ 60,000</u>	<u>\$ 54,351</u>	<u>\$ (5,649)</u>		
EXPENDITURES						
General government administration	\$ 30,000	\$ 60,000	\$ 54,351	\$ 5,649		
Total expenditures	<u>\$ 30,000</u>	<u>\$ 60,000</u>	<u>\$ 54,351</u>	<u>\$ 5,649</u>		
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -		
Net change in fund balance	\$ -	\$ -	\$ -	\$ -		
Fund balance - beginning	-	-	-	-		
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original	Final	Actual	Over (Under)		
	\$	\$	\$	\$		
REVENUES						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance - beginning	- -	- -	- -	- -	- -	- -
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Alleghany County, North Carolina
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2025

	School Capital Project Fund	Outdoor Recreation Capital Project Fund	State Capital and Infrastructure Fund Capital Project Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,100,358	\$ 98,364	\$ 44,570	\$ 1,243,292
Total assets	\$ 1,100,358	\$ 98,364	\$ 44,570	\$ 1,243,292
LIABILITIES				
Liabilities:				
Accounts payable	\$ 39,144	\$ -	\$ 21,325	\$ 60,469
Unearned revenue	-	-	23,245	23,245
Total liabilities	\$ 39,144	\$ -	\$ 44,570	\$ 83,714
FUND BALANCES				
Restricted:				
Recreation	\$ -	\$ 98,364	\$ -	\$ 98,364
Assigned	1,061,214	-	-	1,061,214
Total fund balances	\$ 1,061,214	\$ 98,364	\$ -	\$ 1,159,578
Total liabilities and fund balances	\$ 1,100,358	\$ 98,364	\$ 44,570	\$ 1,243,292

Alleghany County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2025

	School Capital Project Fund	Outdoor Recreation Capital Project Fund	State Capital and Infrastructure Fund Capital Project Fund	Total
REVENUES				
Restricted intergovernmental	\$ -	\$ -	\$ 76,755	\$ 76,755
Total revenues	\$ -	\$ -	\$ 76,755	\$ 76,755
EXPENDITURES				
Capital outlay	\$ 1,176,876	\$ -	\$ -	\$ 1,176,876
Total expenditures	\$ 1,176,876	\$ -	\$ -	\$ 1,176,876
Excess (deficiency) of revenues over (under) expenditures	\$ (1,176,876)	\$ -	\$ 76,755	\$ (1,100,121)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 943,448	\$ -	\$ -	\$ 943,448
Transfers out	(173,681)	-	(76,755)	(250,436)
Total other financing sources (uses)	\$ 769,767	\$ -	\$ (76,755)	\$ 693,012
Net change in fund balances	\$ (407,109)	\$ -	\$ -	\$ (407,109)
Fund balances - beginning	1,468,323	98,364	-	1,566,687
Fund balances - ending	\$ 1,061,214	\$ 98,364	\$ -	\$ 1,159,578

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Capital outlay				
Education	\$ 1,606,536	\$ 1,780,217	\$ 1,176,876	\$ 603,341
Total expenditures	<u>\$ 1,606,536</u>	<u>\$ 1,780,217</u>	<u>\$ 1,176,876</u>	<u>\$ 603,341</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,606,536)</u>	<u>\$ (1,780,217)</u>	<u>\$ (1,176,876)</u>	<u>\$ 603,341</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 600,000	\$ 773,681	\$ 943,448	\$ 169,767
Transfers out	-	-	(173,681)	(173,681)
Appropriated fund balance	1,006,536	1,006,536	-	(1,006,536)
Total other financing sources (uses)	<u>\$ 1,606,536</u>	<u>\$ 1,780,217</u>	<u>\$ 769,767</u>	<u>\$ (1,010,450)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (407,109)</u>	<u>\$ (407,109)</u>
Fund balance - beginning			<u>1,468,323</u>	
Fund balance - ending			<u>\$ 1,061,214</u>	

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, 2025

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget
					Over (Under)
EXPENDITURES					
Cultural and recreational	\$ 143,903	\$ 45,539	\$ -	\$ 45,539	\$ 98,364
Total expenditures	<u>\$ 143,903</u>	<u>\$ 45,539</u>	<u>\$ -</u>	<u>\$ 45,539</u>	<u>\$ 98,364</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (143,903)	\$ (45,539)	\$ -	\$ (45,539)	\$ 98,364
OTHER FINANCING SOURCES (USES)					
Appropriated fund balance	\$ 143,903	\$ 143,903	\$ -	\$ 143,903	\$ -
Total other financing sources (uses)	<u>\$ 143,903</u>	<u>\$ 143,903</u>	<u>\$ -</u>	<u>\$ 143,903</u>	<u>\$ -</u>
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, 2025

	Project Authorization	Prior Years	Actual Current Year	Project to Date	Variance with Final Budget
					Over (Under)
REVENUES					
Restricted intergovernmental	\$ 100,000	\$ -	\$ 76,755	\$ 76,755	\$ (23,245)
Total revenues	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 76,755</u>	<u>\$ 76,755</u>	<u>\$ (23,245)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 76,755</u>	<u>\$ 76,755</u>	<u>\$ (23,245)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ (100,000)	\$ -	\$ (76,755)	\$ (76,755)	\$ 23,245
Total other financing sources (uses)	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ (76,755)</u>	<u>\$ (76,755)</u>	<u>\$ 23,245</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2025

	Budgeted Amounts			Variance with Final Budget	
	Original	Final	Actual	Over (Under)	
REVENUES					
Operating revenues					
Charges for services:					
Solid waste charges	\$ 1,255,784	\$ 1,255,784	\$ 1,301,963	\$ 46,179	
Total operating revenues	\$ 1,255,784	\$ 1,255,784	\$ 1,301,963	\$ 46,179	
Nonoperating revenues					
Restricted intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	
Total nonoperating revenues	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)	
Total revenues	\$ 1,355,784	\$ 1,355,784	\$ 1,301,963	\$ (53,821)	
EXPENDITURES					
Landfill operations					
Salaries and employee benefits	\$ 313,789	\$ 313,789	\$ 318,666	\$ (4,877)	
Disposal costs	705,180	785,180	767,940	17,240	
Maintenance services	154,100	154,100	53,653	100,447	
Capital outlay	166,250	114,825	102,143	12,682	
Debt service	441,465	452,890	46,360	406,530	
Total expenditures	\$ 1,780,784	\$ 1,820,784	\$ 1,288,762	\$ 532,022	
Excess (deficiency) of revenues over (under) expenditures	\$ (425,000)	\$ (465,000)	\$ 13,201	\$ 478,201	
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ 76,755	\$ (76,755)	
Appropriated fund balance	425,000	465,000	-	465,000	
Total other financing sources (uses)	\$ 425,000	\$ 465,000	\$ 76,755	\$ 388,245	
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	\$ 89,956	\$ 89,956	
Reconciliation from Budgetary Basis (Modified Accrual to Full Accrual):					
Revenues and other financing sources over expenditures			\$ 89,956		
Reconciling items:					
Depreciation			(86,361)		
(Increase) decrease in compensated absences			1,953		
Principal payments			6,343		
(Increase) decrease in accrued landfill post-closure care costs			(859)		
Pension expense			(19,489)		
OPEB expense			13,552		
Change in net position			\$ 5,095		

Schedule E-1

Alleghany County, North Carolina
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds			
	Jail	Town of	Inmate	
	Inmate	Sparta Tax	Fund	
			Total	
ASSETS				
Cash and cash equivalents	\$ 1,529	\$ 18,315	\$ 19,844	
Other receivables	-	8,196	8,196	
Total assets	\$ 1,529	\$ 26,511	\$ 28,040	
LIABILITIES				
Due to other governmental units	\$ -	9,807	9,807	
Total liabilities	\$ -	\$ 9,807	\$ 9,807	
NET POSITION				
Restricted:				
Benefit of the inmates	\$ 1,529	\$ -	\$ 1,529	
Held in trust	-	16,704	16,704	
Total net position	\$ 1,529	\$ 16,704	\$ 18,233	

Schedule E-2

Alleghany County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds		
	Jail Inmate Fund	Town of Sparta Tax Fund	Total
ADDITIONS			
Inmate deposits	\$ 43,331	\$ -	\$ 43,331
Ad valorem taxes	-	104,116	104,116
Total additions	\$ 43,331	\$ 104,116	\$ 147,447
DEDUCTIONS			
Canteen sales	\$ 42,490	\$ -	\$ 42,490
Payments to Town of Sparta	-	87,412	87,412
Library memorial book fund	-	-	-
Total deductions	\$ 42,490	\$ 87,412	\$ 129,902
Change in net position	\$ 841	\$ 16,704	\$ 17,545
Net position - beginning	688	-	688
Net position - ending	\$ 1,529	\$ 16,704	\$ 18,233

Schedule F-1

Alleghany County, North Carolina
Schedule of Ad Valorem Taxes Receivable
General Fund
For the Year Ended June 30, 2025

Fiscal Year	Balance		Collections and Credits	Balance	
	June 30, 2024	Additions		June 30, 2025	June 30, 2025
2024-2025	\$ -	\$ 12,864,068	\$ 12,638,272	\$ 225,796	
2023-2024	207,935	-	150,421	57,514	
2022-2023	46,017	-	34,083	11,934	
2021-2022	6,791	-	4,793	1,998	
2020-2021	4,272	-	955	3,317	
2019-2020	1,724	-	677	1,047	
2018-2019	1,116	-	202	914	
2017-2018	2,208	-	1,382	826	
2016-2017	391	-	-	391	
2015-2016	886	-	-	886	
2014-2015	457	-	457	-	
Total	\$ 271,797	\$ 12,864,068	\$ 12,831,242	\$ 304,623	
Less: Allowance for Uncollectible Accounts-General Fund					(17,149)
Ad valorem taxes receivable, net-General Fund				\$ 287,474	
Reconciliation with Revenues:					
Ad valorem taxes-General Fund				\$ 12,904,485	
Reconciling items:					
Interest and penalties collected				(70,237)	
Other adjustments				(3,006)	
Total reconciling items				\$ (73,243)	
Total collections and credits				\$ 12,831,242	

Alleghany County, North Carolina
 Analysis of Current Tax Levy
 General Fund
 For the Year Ended June 30, 2025

	Total Levy				
	County Wide		Total Levy	Property Excluding Registered	Registered Motor Vehicles
	Property Valuation	Rate		Motor Vehicles	Motor Vehicles
Original Levy					
Property taxed at current year's rate	\$ 2,119,842,714	0.5970	\$ 12,655,461	\$ 11,519,976	\$ 1,135,485
Discoveries					
Current year taxes	\$ 63,194,640	0.5970	\$ 377,272	\$ 377,272	\$ -
Abatements	<u>(28,252,094)</u>	0.5970	<u>(168,665)</u>	<u>(168,665)</u>	<u>-</u>
Total property valuation	\$ 2,154,785,260				
Net Levy			\$ 12,864,068	\$ 11,728,583	\$ 1,135,485
Uncollected taxes at June 30, 2025			<u>225,796</u>	<u>225,796</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 12,638,272</u>	<u>\$ 11,502,787</u>	<u>\$ 1,135,485</u>
Current Levy Collection Percentage			<u>98.24%</u>	<u>98.07%</u>	<u>100.00%</u>

Schedule G-1

Alleghany County, North Carolina
Balance Sheet
Tourism Development Authority
(A Component Unit of Alleghany County, North Carolina)
June 30, 2025

	Tourism Development Authority
ASSETS	
Cash and cash equivalents	\$ 155,157
Accounts receivable	24,606
Total assets	\$ 179,763
LIABILITIES	
Accounts payable	\$ 450
Total liabilities	\$ 450
FUND BALANCE	
Unassigned	\$ 179,313
Total fund balance	\$ 179,313

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, 2025

	Budgeted Amounts				Variance with Final Budget	
	Original		Final		Actual	
	Over	(Under)	Over	(Under)	Over	(Under)
REVENUES						
Occupancy tax	\$ 175,000	\$ 175,000	\$ 237,937	\$ 62,937		
Total revenues	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 237,937</u>	<u>\$ 62,937</u>		
EXPENDITURES						
Economic and physical development						
Tourism development	\$ 467,000	\$ 467,000	\$ 257,738	\$ 209,262		
Total economic and physical development	<u>\$ 467,000</u>	<u>\$ 467,000</u>	<u>\$ 257,738</u>	<u>\$ 209,262</u>		
Total expenditures	<u><u>\$ 467,000</u></u>	<u><u>\$ 467,000</u></u>	<u><u>\$ 257,738</u></u>	<u><u>\$ 209,262</u></u>		
Excess (deficiency) of revenues over (under) expenditures	<u><u>\$ (292,000)</u></u>	<u><u>\$ (292,000)</u></u>	<u><u>\$ (19,801)</u></u>	<u><u>\$ 272,199</u></u>		
OTHER FINANCING SOURCES (USES)						
Appropriated fund balance	\$ 292,000	\$ 292,000	\$ -	\$ (292,000)		
Total other financing sources (uses)	<u>\$ 292,000</u>	<u>\$ 292,000</u>	<u>\$ -</u>	<u>\$ (292,000)</u>		
Net change in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (19,801)</u></u>	<u><u>\$ (19,801)</u></u>		

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

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 *Government Auditing Standards***

**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, 2025, 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 December 9, 2025.

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 2025-001 and 2025-002, 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 and 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2025

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

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, 2025. 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, 2025.

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.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 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, Farmer, Cox Associates

Blacksburg, Virginia
December 9, 2025

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

**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, 2025. 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, 2025.

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. 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, Farmer, Cox Associates

Blacksburg, Virginia

December 9, 2025

Alleghany County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

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
Department Health and Human Services:				
Pass Through Payments:				
<i>North Carolina Division of Social Services:</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Not available	\$ 22,946	-
Temporary Assistance for Needy Families				
Administration	93.558	G2401NCTANF, G2501NCTANF	\$ 11,624	-
Work First Service	93.558	G2401NCTANF, G2501NCTANF	<u>55,014</u>	66,638
Child Support Enforcement	93.563	2002NCSES	134,883	(145)
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	Not available	208	-
Low-Income Home Energy Assistance				
Administration	93.568	2301NCLIEA, 2401NCLIEA, 2501NCLIEA	59,731	-
Child Care and Development Fund Cluster:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2002NCCDDF	36,299	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not available	3,045	-
Foster Care - Title IV-E				
Administration	93.658	21021NCFOST	\$ 99,184	6,107
Direct Benefit Payments	93.658	21021NCFOST	<u>90,231</u>	32,684
Adoption Assistance	93.659	2101NCADPT	3,363	-
Social Services Block Grant	93.667	G2401NCSOSR, G2501NCSOSR	100,499	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Not available	674	94
Children's Health Insurance Program	93.767	CHIP 22	41,910	13,452
Medicaid Cluster:				
Medical Assistance Program	93.778	XIX-MAP20	<u>649,226</u>	86,702
Total Department of Health and Human Services			\$ 1,308,837	\$ 138,894
Department of Agriculture:				
Pass Through Payments:				
<i>North Carolina Division of Social Services:</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	205NC406S2514	\$ 240,302	\$ 18,225
Total Department of Agriculture			\$ 240,302	\$ 18,225
Department of Justice:				
Pass Through Payments:				
<i>North Carolina Department of Public Safety - Gov. Crime Commission:</i>				
Violence Against Women Formula Grants	16.588	2023 OVW STOP	\$ 76,594	\$ -
Crime Victim Assistance	16.575	15POVC-22-GG-00774-ASSI	<u>85,066</u>	-
Total Department of Justice			\$ 161,660	\$ -
Department of Transportation:				
Pass Through Payments:				
<i>North Carolina Department of Transportation:</i>				
Formula Grants for Rural Areas and Tribal Transit Program				
Administration	20.509	36233.4.24.1	\$ 89,696	\$ 5,606
Capital	20.509	36233.4.24.4	<u>336,290</u>	\$ 42,036
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	51001.13.12.2	<u>12,303</u>	-
Total Department of Transportation			\$ 438,289	\$ 47,642
Department of Homeland Security:				
Pass Through Payments:				
<i>North Carolina Department of Public Safety:</i>				
Emergency Management Performance Grants	97.042	EMA-2023-EP-00003-2320003	\$ 20,625	\$ -
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4827DR-NC	<u>225,288</u>	-
Total Department of Homeland Security			\$ 245,913	\$ -

Alleghany County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

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
N.C. Department of Health and Human Services				
Administration				
Child Welfare/CPS/CS			\$ -	\$ 86,908
Direct Benefit Payments			-	258,011
State Foster Home			-	258,011
Total N.C. Department of Health and Human Services			\$ -	\$ 344,919
N.C. Department of Environmental Quality				
S&W Conservation - Wetland Cost Share			\$ -	\$ 25,214
Total N.C. Department of Environmental Quality			\$ -	\$ 25,214
N.C. Department of Public Safety				
Juvenile Crime Prevention Programs			\$ -	\$ 69,774
N.C. State Recovery Fund			-	941,580
Total N.C. Department of Public Safety			\$ -	\$ 1,011,354
N.C. Office of State Budget and Management				
N.C. Register of Deeds			\$ -	\$ 2,714
N.C. State Capital Infrastructure Fund			-	1,510,742
Total N.C. Office of State Budget and Management			\$ -	\$ 1,513,456
N.C. Department of Transportation				
ROAP-Elderly and Disabled Transportation Assistance Program			\$ -	\$ 58,962
ROAP-Rural General Public Program			-	25,725
ROAP Work First Transitional-Employment			-	3,288
Total N.C. Office of State Budget and Management			\$ -	\$ 87,975
N.C. 911 Board				
PSAP 911 Grant			\$ -	\$ 126,027
Portable Radio Grant			-	16,662
Total N.C. Department of Public Instruction			\$ -	\$ 142,689
N.C. Department of Public Instruction				
Public School Building Capital Fund - Lottery Proceeds			\$ -	\$ 7,340,880
Total N.C. Department of Public Instruction			\$ -	\$ 7,340,880
Total Federal and State Awards			<u>\$ 2,395,001</u>	<u>\$ 10,671,248</u>
Other Financial Assistance (5) - Opioid Funding			\$ -	\$ 156,172
Total Federal and State Awards and Other Assistance			<u>\$ 2,395,001</u>	<u>\$ 10,827,420</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, 2025. 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 15 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 of federal funds for 2025. Alleghany County did have \$941,580 in N.C. Department of Public Safety Recovery Grants provided to the Town of Sparta, NC as a subrecipient.

Alleghany County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

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	\$ 2,046,408	
State Funding		\$ 1,053,903
Transportation Fund		
Federal Funding	348,593	
State Funding		130,011
State Capital and Infrastructure Capital Project Fund		
State Funding	76,755	
State Capital and Infrastructure Courthouse Fund		
State Funding	1,433,987	
School Construction Fund		
State Funding	6,908,985	
Town of Sparta Capital Fund		
State Funding	941,580	
Opioid Fund		
State Funding	156,172	
Emergency Telephone System Fund		
State Funding	126,027	
Total primary government	<u>\$ 2,395,001</u>	<u>\$ 10,827,420</u>

Alleghany County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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
97.036	Public Assistance - Presidential Declared Disasters
93.778	Medicaid Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	No
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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
Medicaid Cluster
N.C. State Capital and Infrastructure Fund
N.C. Disaster Relief and Mitigation Fund
N.C. Public School Building Capital Fund

Alleghany County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Page 2 of 3

Section II - Financial Statement Findings

2025-001

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.

2025-002

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.

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, 2025

Section II - Financial Statement Findings (Continued)

2025-002 (Continued)

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: We recommend the County document review and approval by someone other than the preparer on bank statements/reconciliations, receipt registers, check registers, payroll registers, revenue reports, and monthly budget versus actual reports in order to provide proper independent review.

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 OFFICE

April Hamm, Chief Financial Officer

Robin Hamilton, Assistant Finance Officer

Noelvis Capiro, Payroll and Accounting Specialist

Dalila Morales, Accounting Technician



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Corrective Action Plan For the Year Ended June 30, 2025

Contact Name: April Hamm, Finance Officer

Finding 2025-001

Material Audit Adjustments

Corrective Action: 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 including educational opportunities and financial software company training sessions.

Finding 2025-002

Segregation of Duties

Corrective Action: In FY2023, the County Manager began reviewing the bank reconciliations monthly. In FY2024, an additional finance staff member was added to the internal process for completing the bank reconciliation with spreadsheets and financial software reporting and verification. In FY2025, turnover prevented proper training of new staff for proper segregation of duties. The County's finance staff is in the process of realigning duties and responsibilities to improve on this weakness.

**Alleghany County, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025**

Finding 2024-001 Material Weakness

Finding 2024-001 is recurring in fiscal year 2025 as 2025-001 as a material weakness.

Finding 2024-002 Material Weakness

Finding 2024-002 is recurring in fiscal year 2025 as 2025-002 as a material weakness.

Finding 2024-003 Material Weakness

Finding 2024-003 was corrected in fiscal year 2025.