

SURRY COUNTY, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Department of Finance

FOR THE FISCAL PERIOD ENDED
JUNE 30, 2021

Opportunity ➡ *Growth* ➡ *Community*



COUNTY OF SURRY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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COUNTY OF SURRY, VIRGINIA

AS OF JUNE 30, 2021

Board of Supervisors

Robert Elliott, Chairperson

Timothy Calhoun
Michael H. Drewry

Ronald Howell, Jr.
Judy S. Lyttle

Social Services Board

Allen T. Parson, Sr., Chairperson

Elva Clayton
Honorable Kenneth R. Holmes

Glenn Slade
Linda B. Ellis
Eunice Gay

County School Board

Laura P. Ruffin, Chairperson

Elsie M. Dennis
Valencia Jones Williams

Faye C. Perkins
Dr. Marion H. Wilkins

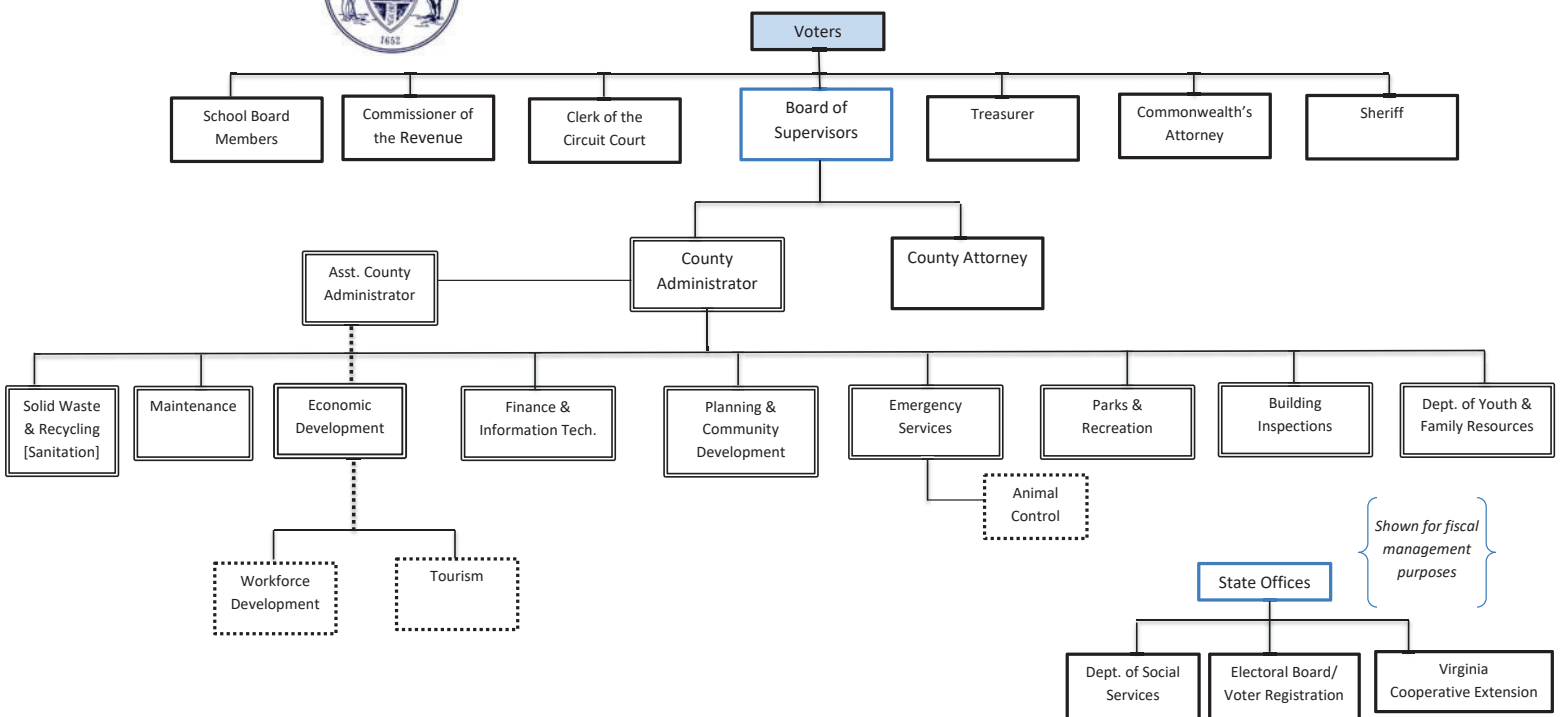
Other Officials

Judge of the Circuit Court
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator
Judge of the General District Court
Judge of the Juvenile and Domestic Relations Court
County Attorney

W. Allan Sharrett
Gail P. Clayton
Derek A. Davis
Jonathan F. Judkins
Onike Ruffin
Carlos Turner
Dr. Serbrenia J. Sims
Valerie E. Pierce
Melissa Rollins
Bruce A. Clark, Jr.
Jacqueline R. Waymack.
William H. Hefty



Surry County, Virginia Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Surry County
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



"The Countrie it selfe, I must
confesse is a very pleasant land,
rich in commodities; and fertile in
soyle..."

Samuel Argall, ca. 1609

Surry County
County Administrator's Office
P. O. Box 65
45 School Street
Surry, Virginia 23883

Carol Swindell

Interim Director of Finance

Telephone: (757) 294-5271

Fax: (757) 294-5204

Email: cswindell@surrycountyva.gov

December 3, 2021

The Honorable Members of the Board of Supervisors
County of Surry, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Surry County (the "County") for the fiscal year ended June 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain a reasonable understanding of the County's financial affairs have been included.

The management of the County is responsible for establishing and maintaining an internal control structure to ensure the protection of County assets. In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition to these internal accounting controls, the County also maintains budgetary controls. These budgetary controls ensure compliance with provisions embodied in the adopted budget appropriated by the Board of Supervisors. All subsidiary funds are included in the appropriated budget.

As a recipient of federal and state financial assistance, the County is also responsible for maintaining internal controls that comply with applicable laws and regulations. The audit for fiscal year ended June 30, 2021 has been completed and no material internal control weaknesses or material violations of laws and regulations have been identified.

The County adopts an annual budget by July 1st each year as required by §15.2-2503, *Code of Virginia, 1950, as amended*. When necessary, the Board of Supervisors approves amendments to the adopted budget in accordance with §15.2-2507, *Code of Virginia, 1950, as amended*. The budget is implemented through Board-approved appropriations, with supplemental appropriations made as required. The Board of Supervisors has the authority, except for expenditures for mandated programs, to appropriate amounts greater than or less than the adopted budget.

Section 15.2-2511 of the *Code of Virginia, 1950, as amended* requires that local governments have their financial records audited annually as of the end of the fiscal year by independent certified public accountants. The independent audit provides reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020 are free of material misstatement. Robinson, Farmer Cox Associates (RFCA) is contracted to perform this service and have issued an unmodified opinion on the County's financial statements for the fiscal year. The independent auditor's report is located at the front of the Financial Section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion & Analysis (MD&A). It can be found immediately following the report of the independent auditors. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government and its Services

Formed in 1652, the County of Surry is strategically located in southeastern Virginia, 10 miles south of Williamsburg, 50 miles southeast of Richmond and 40 miles northwest of Norfolk. The County covers 306 square miles and has a 2019 estimated population of 6,422. The greater portion of the County's land area remains rural, and residential growth has not greatly rebounded from the economic slowdown. The County is governed by a five-member Board of Supervisors elected by districts. The Board has overall administrative and legislative responsibilities including levying taxes, appropriating funds, approving and enforcing the County's Comprehensive Plan, making and enforcing ordinances and establishing policies. The County Administrator is appointed to implement the policy decisions of the Board and to direct the day-to-day activities of the County. In addition to the Board, elected constitutional officers in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. The operation of the public school system is vested in a five-member elected School Board. The Board of Supervisors makes monthly appropriations to the School Board based upon the adopted budget. Since the School Board is fiscally dependent on the County, the financial statements of Surry County Public Schools are included as a component unit of the County in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14.

The County provides a range of municipal services including education, public safety (sheriff, animal control, building inspections, emergency services, volunteer fire departments and paid/volunteer rescue services), parks, recreation & cultural activities, public works, health and welfare administration, planning & community development and general administrative services. In addition, the County provides water services to residential and commercial customers in the Towns of Dendron and Surry. The operation of the utilities systems is an enterprise fund, which means that it should be self-supporting, and is accounted for separately from the County's general operating fund.

Local Economy

The County's unemployment rate declined significantly to 3.8% in June 2021 from its June 2020 level of 7.5% in June 2020 as the economy recovered from the impacts of COVID-19. The rate is usually consistent with the U.S. rate and slightly higher than the Virginia rate. Surry County's larger employers include a nuclear power plant, state & local government, construction and manufacturing.

Thirty-four percent of the County's workforce is between the ages of 45 and 64. Twenty-one percent of the workforce is between the ages of 25 and 44. Growth occupations appear to be in the areas of healthcare and social assistance, professional, scientific and technical services, educational services and construction. Declining occupations appear to be in the areas of postal workers, bookkeeping, and fast food.

Long-Term Financial Planning

The County employs a financial advisor as necessary to assist in planning for long-term financial and capital needs of the County. The Capital Improvements Plan (CIP) is the County's strategy for investing in facilities, equipment and other sizeable improvements. Current capital projects are funded through a combination of committed fund balance and debt proceeds. Debt service payments are budgeted in the County's annual operating budget, including that of the School Board Component Unit

Financial policies relative to debt as a percentage of assessed value and general fund expenditures help guide the Board's policymaking decisions on financing capital projects. The County has adopted a policy that states that the net debt ratio as a percentage of assessed value shall not exceed 3%. The General fund balance represents available current financial resources, although the Board's current policy allows the use of only up to 25% of this amount. Uses of the unrestricted fund balance are carefully evaluated to ensure that cash flow requirements are met and an overall sound financial position is maintained.

Multi-Year Initiatives and Capital Projects

Broadband: For FY2020-21, the County continued its partnership with Prince George Electric Cooperative Enterprises, DBA as Ruralband to connect residents to broadband under the Ruralband initiative. The need for high-speed internet is greater now than ever before. At the end of June 30, 2021, over 700 homes had been connected to Ruralband. With 276 miles of fiber constructed, the infrastructure had passed 2,441 Surry County homes and businesses.

Economic Overview

The County has taken positive steps toward the promotion of economic development. Improving the quality of life for residents and the business community require a commitment to long-term strategies for economic development. The County has proactively seized opportunities undertaken to better position Surry for economic growth:

- In September 2020, the County adopted the 2040 Comprehensive Plan, a "blueprint" that provides guidance about how the community will move into the future. The Plan incorporates the visions of residents, businesses, and local officials. The Plan provides direction for

making these decisions in a way that will allow the County to continue transforming itself into a community that is consistent with its vision and goals.

- The County purchased eight (8) acres of prime real estate that fronts Route 460, a major thoroughfare for business opportunity in the Region and one of the most important freight corridors in Virginia. This purchase is in alignment with the County Comprehensive Plan and is aimed at facilitating convenient interregional connections, ensuring safe travel, and using investments in the transportation system to further land use, placemaking, and economic development goals.
- The County continued its local partnership with Surry Market Place to provide Surry County residents with better access to healthy food. The commitment of \$300,000 from the County to match the \$300,000 grant from Obici Healthcare Foundation leveraged an additional grant in the amount of \$107,000 from the Genan Foundation to support the establishment of a Surry Local Market.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received the certificate for the last eight years (fiscal years ended 2012-2020). We believe that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not be accomplished without the dedicated services of the Finance Department staff, as well as the Commissioner of the Revenue, Treasurer and their staffs. We would like to express our appreciation to these departments and to the many other County departments who provided assistance to Robinson, Farmer, Cox Associates in preparation of a favorable financial report. We also give credit to the Board of Supervisors for their support, guidance and establishment of policies that further enhance sound financial management practices and operations.



Melisa D. Rollins
County Administrator



Carol O. Swindell
Interim Director of Finance



Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Surry
Surry, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84 and a capital asset adjustment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-11, 91, and 92-112 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Other Information

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

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

Supplementary Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of County of Surry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Surry, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Surry, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. Frick", followed by a long horizontal line.

Richmond, Virginia
December 3, 2021

Surry County, Virginia MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Surry, Virginia we offer readers of the County's financial statements this overview and analysis of the County's financial activities for the fiscal year ended June 30, 2021. Readers are encouraged to consider this information in conjunction with that in the letter of transmittal.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide statements report information about the County using accounting methods similar to those used by private sector companies (as required under governmental reporting, GASB Statement No. 34). Government wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which include all the government's assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting. All of the current year's transactions are taken into account regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the County's assets and deferred outflows, liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the *Statement of Net Position* and the *Statement of Activities*, the County's financial activities are divided into three categories:

- *Governmental activities* include most of the County's basic services, including but not limited to, public safety, general government & judicial administration, public works, health and welfare, community development and parks & recreation. These activities are financed by local tax revenue; other local revenue; state revenues, including grants; and federal revenues, primarily for welfare administration and public assistance.
- *Business-type activities* include user fees charged to customers to help cover the costs of certain services it provides. The County's Utilities Fund is included here.
- *Component units* consist of the school operating fund (including the cafeteria fund) and economic development fund. The County is financially accountable for these component units and provides operating support from local tax revenue.

Fund Financial Statements

Fund financial statements provide detailed information about the County's more significant funds. Funds are used to monitor specific sources of funding and spending for particular purposes. Some are required by state law; others are established to control and manage funds allocated for specific purposes. All of the County's funds can be divided into two categories: *governmental funds* and *proprietary funds*.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds account for essentially the same functions or services reported as governmental activities in the government-wide financial statements, with the exception of the method of accounting. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the focus of governmental funds is more narrow than that of the government-wide financial statements, reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenses and changes in fund balances.

The County maintains budgetary control over its operating funds. Budgetary controls ensure legal compliance to the appropriations. To demonstrate compliance with the budget, a budgetary comparison statement is provided for the General Fund to include variance information. The County's major governmental funds include the General Fund and the Capital Projects Fund.

Proprietary funds consist of enterprise funds. Enterprise funds are established to provide for the delivery of goods and services to the general public similar to private sector business. The Utilities Fund provides a centralized source for water services to County residents.

Notes to the financial statements

The notes provide additional information essential to a full understanding of the data included in the government-wide and fund financial statements. The notes also contain required supplementary information including budgetary comparison schedules and combining financial statements for the discretely presented component unit that includes the School Fund and the Cafeteria Fund. The School Board does not issue separate financial statements. The Economic Development Authority Fund is also reported as a component unit.

Required Supplementary Information

In addition to basic financial statements and notes, this report also presents budgetary comparison schedules.

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Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Net Position* serves as a useful indicator over time of financial position. The County's governmental assets and deferred outflows of resources at June 30, 2021 exceeded liabilities and deferred inflows of resources by \$22.8 million, while business assets exceeded liabilities by \$3.7 million. The following table provides comparative information on the County's net position as of June 30, 2021 and June 30, 2020.

County of Surry, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 26,097,590	\$ 21,221,811	\$ 33,457	\$ 23,118	\$ 26,131,047	\$ 21,244,929
Capital assets	26,798,651	30,135,884	3,711,920	400,546	30,510,571	30,536,430
Total assets	\$ 52,896,241	\$ 51,357,695	\$ 3,745,377	\$ 423,664	\$ 56,641,618	\$ 51,781,359
Pension related items	\$ 1,915,049	\$ 1,057,169	\$ -	\$ -	\$ 1,915,049	\$ 1,057,169
OPEB related items	97,184	83,961	-	-	97,184	83,961
Total deferred outflows of revenue	\$ 2,012,233	\$ 1,141,130	\$ -	\$ -	\$ 2,012,233	\$ 1,141,130
Current liabilities	\$ 1,107,963	\$ 1,716,780	\$ 15,349	\$ 29,872	\$ 1,106,451	\$ 1,746,652
Long-term liabilities:						
Due within one year	1,551,934	1,253,398	-	-	1,551,934	1,253,398
Due in more than one year	29,343,949	22,459,443	-	-	29,343,949	22,459,443
Total liabilities	\$ 32,003,846	\$ 25,429,621	\$ 15,349	\$ 29,872	\$ 32,019,195	\$ 25,459,493
Deferred revenue-property taxes	\$ 31,559	\$ 24,196	\$ -	\$ -	\$ 31,559	\$ 24,196
Pension related items	-	152,770	-	-	0	152,770
OPEB related items	31,581	52,238	-	-	31,581	52,238
Total deferred inflow of resources	\$ 63,140	\$ 229,204	\$ -	\$ -	\$ 63,140	\$ 229,204
Net investment in capital assets	\$ 14,515,163	\$ 17,192,612	\$ 3,711,920	\$ 400,546	\$ 18,227,083	\$ 17,593,158
Unrestricted	8,326,325	9,208,214	18,108	(6,754)	8,344,433	9,201,460
Total net position	\$ 22,841,488	\$ 26,400,826	\$ 3,730,028	\$ 393,792	\$ 26,571,516	\$ 26,794,618

Unrestricted net position of governmental activities account for \$8.3 million or 36.5% of the County's total governmental net position and are used to meet the County's ongoing obligations. The remaining governmental assets are investment in capital assets (e.g. land, buildings, systems, machinery & equipment and infrastructure), less accumulated depreciation and any debt used to acquire those assets outstanding at year-end. The County uses these capital assets to provide services to citizens, so they are not available for future spending.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-type Activities		Totals	Totals
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 341,035	\$ 298,897	\$ 50,038	\$ 55,816	\$ 391,073	\$ 354,713
Operating grants and contributions	3,929,094	2,855,157	-	-	2,854,027	2,855,157
Capital grants and contributions	950,313	967,420	-	-	950,313	967,420
General revenues:						
General property taxes	22,939,954	22,140,946	-	-	22,939,954	22,140,946
Other local taxes	1,057,335	1,118,145	-	-	1,057,335	1,118,145
Grants and other contributions not restricted	787,825	768,095	154,853	-	2,017,745	768,095
Other general revenues	1,116,747	882,134			1,116,747	882,134
Transfers	-	-	143,390	109,615	143,390	109,615
Total revenues and transfers	\$ 31,122,303	\$ 29,030,794	\$ 348,281	\$ 165,431	\$ 31,470,584	\$ 29,196,225
Expenses:						
General government administration	\$ 2,999,747	\$ 2,136,398	\$ -	\$ -	\$ 2,999,747	\$ 2,136,398
Judicial administration	1,112,591	1,008,861	-	-	1,112,591	1,008,861
Public safety	3,816,148	4,006,059	-	-	3,816,148	4,006,059
Public works	1,911,937	1,467,102	278,972	190,291	2,190,909	1,657,393
Health and welfare	3,727,137	3,115,050	-	-	3,727,137	3,115,050
Education	12,094,027	13,195,678	-	-	12,094,027	13,195,678
Parks, recreation, and cultural	646,076	684,751	-	-	646,076	684,751
Community development	3,778,239	813,042	-	-	3,778,239	813,042
Interest and other fiscal charges	1,185,422	650,388	-	-	1,185,422	650,388
Transfers out	143,390	109,615	-	-	143,390	109,615
Total expenses	\$ 31,414,714	\$ 27,186,944	\$ 278,972	\$ 190,291	\$ 31,693,686	\$ 27,377,235
Change in net position	\$ (292,411)	\$ 1,843,850	\$ 69,309	\$ (24,860)	\$ (223,102)	\$ 1,818,990
Beginning of year, as restated	23,133,899	24,556,976	3,660,719	418,652	26,794,618	24,975,628
End of year	\$ 22,841,488	\$ 26,400,826	\$ 3,730,028	\$ 393,792	\$ 26,571,516	\$ 26,794,618

The *Statement of Activities* illustrates the general revenue sources that support the various governmental operations. Governmental activities decreased the County's net position by \$3.6 million, from \$26.4 million at June 30, 2020 (as restated) to \$22.8 million at June 30, 2021. Key factors associated with the decrease in net position include:

- The County planned to use \$3.6 million in general fund balance, primarily to cash fund certain capital projects.
- Public service corporation taxes, which is the County's largest single revenue source, increased by \$0.8M or 5.9% over the FY20 level and exceeded budget projections by 5.4%.
- Costs for children's services act related expenditures were higher than expected, which, offset increased tax revenue.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

In FY21 the net position of the County's business-type activities increased, from \$0.39 million in FY2020 to \$3.7 million. This increase is primarily attributed to the transfer of completed capital assets from construction in progress to the business-type activities fund in FY2021. The table on the preceding page shows the revenues and expenses of the governmental and business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County of Surry uses fund accounting to demonstrate compliance with statutory budgetary requirements. The following is a financial analysis of the County's governmental funds.

The County's total revenues from the General Fund were \$29.6 million for the fiscal year ended June 30, 2021. General Fund revenue increased 6.78%, or \$1.88 million, in FY21. General property taxes, the largest source of revenue, were \$23.14 million, including public service corporation taxes (\$14.57 million), real estate taxes (\$6.79 million) and personal property taxes (\$1.65 million). Approximately 78% of the County's revenue from governmental activities is derived from property taxes, as shown below in the table of Revenue Classified by Source.

Other local taxes is comprised primarily of local sales tax, business and vehicle licenses, utility consumption taxes and recordation tax. The second largest local revenue source, other local taxes, totaled \$1,057,335 in FY21. This amount represented a decrease of \$60,810, or 5.44% from the previous year. This decrease was primarily due to one-time revenue received in the prior fiscal year.

Revenue Classified by Source - General Fund						
	June 30, 2021		June 30, 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Property Taxes	\$23,138,148	78.26%	\$22,023,784	79.55%	1,114,364	5.06%
Other Local Taxes	1,057,335	3.58%	1,118,145	4.04%	-60,810	-5.44%
Permits, Fees & Regulatory Licenses	79,962	0.27%	38,408	0.14%	41,554	108.19%
Fines & Forfeitures	35,900	0.12%	31,272	0.11%	4,628	14.80%
Revenue from Use of Money & Property	137,296	0.46%	314,222	1.13%	-176,926	-56.31%
Charges for Services	225,173	0.76%	229,217	0.83%	-4,044	-1.76%
Miscellaneous	145,039	0.49%	158,822	0.57%	-13,783	-8.68%
Recovered Costs	58,622	0.20%	35,967	0.13%	22,655	62.99%
Intergovernmental:						
Commonwealth	2,606,002	8.81%	2,629,458	9.50%	-23,456	-0.89%
Federal	2,081,867	7.04%	1,107,833	4.00%	974,034	87.92%
Total Revenues	\$29,565,344	100.00%	\$27,687,128	100.00%	\$1,878,216	6.78%

Intergovernmental revenues allocated by the state and federal governments totaled \$4.7 million during FY21, which reflects an increase of \$950,578 or 25.4%. Revenue from the commonwealth and the federal government for non-categorical aid increased by \$951,708 or 107.9% in FY21. This increase is primarily due to CARES Act funding. Non-categorical aid is not earmarked for a specific program and may be used for the general operation of the local government. The bulk of non-categorical aid is the state reimbursement for personal property tax relief of \$677,907. Shared expenses (the state share of the operation of the constitutional offices and electoral board/registrar) decreased by \$8,650, or 0.8%, while the other categorical aid consisting of welfare administration, children's services act and federal & state grants increased by \$7,520 or 0.41%. This increase was primarily due to new public safety related grants.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Expenditure Analysis

The following table of Expenses by Function compares current year to prior year amounts. The accompanying analysis provides additional information on the County's expenses by function that changed significantly over the prior year.

	Expenses by Function - General Fund					
	June 30, 2021		June 30, 2020		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government Administration	\$2,030,298	7.21%	\$1,858,332	7.09%	\$171,966	9.25%
Judicial Administration	707,203	2.51%	660,930	2.52%	46,273	7.00%
Public Safety	3,557,728	12.64%	3,543,384	13.51%	14,344	0.40%
Public Works	1,650,682	5.86%	1,564,133	5.97%	86,549	5.53%
Health & Welfare	3,573,667	12.69%	3,029,935	11.56%	543,732	17.95%
Education	11,926,855	42.37%	12,106,306	46.17%	-179,451	-1.48%
Parks, Recreation & Cultural	515,986	1.83%	628,855	2.40%	-112,869	-17.95%
Community Development	681,520	2.42%	728,830	2.78%	-47,310	-6.49%
Capital Projects	0	0.00%	0	0.00%	0	N/A
Debt Service: Principal Retirement	1,225,000	4.35%	1,165,000	4.44%	60,000	5.15%
Debt Service: Interest Retirement	2,282,753	8.11%	933,265	3.56%	1,349,488	144.60%
Total Expenses	\$28,151,692	100.00%	\$26,218,970	100.00%	\$1,932,722	7.37%

The County's total General Fund expenditures of \$28.2 million for the fiscal year ended June 30, 2021 covered a wide range of services, with 42.37% or \$11.9 million for education (payments to the School System, a component unit), 12.64% or \$3.56 million for public safety, 12.69% or \$3.57 million for health and welfare services, 12.46% or \$3.51 million to retire existing debt service, 7.21% or \$2.03 million related to general government administration, and 5.86% or \$1.65 million for public works. The remaining 6.77% includes expenses for parks & recreation, community development, and judicial administration.

The General Fund is the main operating fund of the County. Primarily, the County's ending fund balance at June 30th is used to fund financial obligations of the County from July 1st through December 5th of each year, when the County receives its largest influx of revenue in the form of general property taxes. Prior to December 5th only minimal revenues such as federal and state reimbursements, fees for services, permits and fines are routinely received. Therefore, not all of the \$8.3 million in unrestricted funds noted in Exhibit 1 of the CAFR is available for spending at the County's discretion. In short, the County depends on its fund balance, or reserves, for cash flow at certain times during the fiscal year.

The County's current financial policy has established a committed fund balance of 25% of General Fund appropriated expenses, and the Board of Supervisors also commits fund balance for various purposes throughout the year. At June 30, 2021, the committed fund balance was \$8,130,065, and the unassigned fund balance was \$10,096,160 of the total fund balance.

The Capital Projects Fund consists of the non-operating expenses and reflects the capital needs of the County. Capital expenses are not recurring operating expenses, but one-time significant expenses for the construction of buildings & infrastructure or the purchase of large equipment & vehicles.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The FY21 capital expenses totaled \$3,456,744, including these projects:

- Broadband grant - \$1,668,850, or 48.3%
- Fire suppression system -- \$409,118, or 11.8%;
- New fire apparatus - \$262,662, or 7.6%
- Major maintenance projects - \$181,087, or 5.2%
- New rescue squad building -- \$176,066, or 5.1%;
- Water upgrades -- \$154,853, or 4.5%;
- The marina project -- \$127,732, or 3.7%;
- CAD system -- \$124,662 or 3.6%;
- Miscellaneous other projects -- \$351,714, or 10.2%.

General Fund Budgetary Highlights

Surry County has consistently taken a conservative approach to financial management, staying well within budgetary limits for expenses during the fiscal year. FY20 had General Fund operating expenses of \$1,743,913 below the revised budget. The County's budget was amended during the year to reflect grants, carryover of unspent appropriations from FY19 and other unanticipated revenues. The difference between the original adopted budget and the amended budget was \$1,091,773 or 4.1%.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2021 totaled \$26.8 million (net of accumulated depreciation). This represents a net decrease of \$3.34 million, due primarily to completed capital projects being transferred from construction in progress to the utilities fund. The investment in capital assets includes land and land improvements, buildings, infrastructure and machinery & equipment. Additional information on the County's capital assets can be found in Note 5 of this report.

Long-Term Debt - At the end of the current fiscal year, the County had total debt outstanding of \$26.64 million, excluding bond premiums, compensated absences, and landfill post-closure liability. Of this amount, \$1.7 million comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources through revenue bonds and lease revenue bonds.

The amount of debt outstanding related to School Board activities is \$1.58 million of the total outstanding general obligation bonds of the governmental activities.

During the current fiscal year, the County's total debt increased by \$7.41 million, excluding bond premiums, compensated absences and landfill post-closure liability.

Additional information on the County of Surry, Virginia's long-term debt can be found in Note 7 of this report.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County for the fiscal year ending June 30, 2021 was 3.8%, a decrease of 3.% from the same period last year. Generally, the County's unemployment rate remains slightly above the state's average.
- The FY21 operating budget for all funds is \$46.74 million (including transfers to other funds), an increase of 5.0% from the FY20 adopted budget. The FY21 Capital budget is \$12.81 million, an increase of 32% from the FY20 capital budget.
- Tax rates for future periods are dependent on the effects of fluctuations in the assessed valuations of public service corporations and real property.
- For 2021, the real property tax rate was \$0.71 per \$100 of assessed value.

Requests for Information

This financial report is designed to provide all those with an interest in the County's finances with a general overview of the finances and to demonstrate the County's stewardship of public funds. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, Post Office Box 65, Surry, Virginia 23883.

County of Surry, Virginia
Statement of Net Position
June 30, 2021

	Primary Government				
	Governmental	Business-type		Component Units	
	Activities	Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 10,428,977	\$ 24,164	\$ 10,453,141	\$ 2,716,525	\$ 66,070
Receivables (net of allowance for uncollectibles):					
Taxes receivable	406,440	-	406,440	-	-
Accounts receivable	75,110	9,293	84,403	-	-
Due from other governmental units	1,792,219	-	1,792,219	435,292	-
Restricted assets:					
Bond construction escrow	13,394,844	-	13,394,844	-	-
Capital assets (net of accumulated depreciation):					
Land and land improvements	1,811,163	3,636	1,814,799	158,330	-
Buildings and system	19,377,763	3,690,285	23,068,048	4,455,459	-
Infrastructure	-	-	-	1,402,773	-
Equipment	1,981,850	17,999	1,999,849	2,057,969	-
Improvements	3,482,456	-	3,482,456	-	-
Construction in progress	145,419	-	145,419	17,172	-
Total assets	\$ 52,896,241	\$ 3,745,377	\$ 56,641,618	\$ 11,243,520	\$ 66,070
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,915,049	\$ -	\$ 1,915,049	\$ 3,278,683	\$ -
OPEB related items	97,184	-	97,184	313,316	-
Total deferred outflows of resources	\$ 2,012,233	\$ -	\$ 2,012,233	\$ 3,591,999	\$ -
LIABILITIES					
Accounts payable	\$ 875,603	\$ 15,349	\$ 890,952	\$ 333,755	\$ -
Accrued liabilities	-	-	-	1,385,830	-
Accrued interest payable	215,499	-	215,499	-	-
Unearned grants	16,861	-	16,861	-	-
Due to other governmental units	-	-	-	1,397,906	-
Long-term liabilities:					
Due within one year	1,551,934	-	1,551,934	-	-
Due in more than one year	29,343,949	-	29,343,949	16,169,164	-
Total liabilities	\$ 32,003,846	\$ 15,349	\$ 32,019,195	\$ 19,286,655	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 31,559	\$ -	\$ 31,559	\$ -	\$ -
Pension related items	-	-	-	2,215,874	-
OPEB related items	31,581	-	31,581	330,051	-
Total deferred inflows of resources	\$ 63,140	\$ -	\$ 63,140	\$ 2,545,925	\$ -
NET POSITION					
Net investment in capital assets	\$ 14,515,163	\$ 3,711,920	\$ 18,227,083	\$ 8,091,703	\$ -
Unrestricted	8,326,325	18,108	8,344,433	(15,088,764)	66,070
Total net position	\$ 22,841,488	\$ 3,730,028	\$ 26,571,516	\$ (6,997,061)	\$ 66,070

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

County of Surry, Virginia
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 2,999,747	\$ 123	\$ 195,164	\$ 950,313
Judicial administration	1,112,591	44,978	378,725	-
Public safety	3,816,148	281,273	1,788,405	-
Public works	1,911,937	13,971	5,608	-
Health and welfare	3,727,137	-	1,551,192	-
Education	12,094,027	-	-	-
Parks, recreation, and cultural	646,076	690	10,000	-
Community development	3,778,239	-	-	-
Interest on long-term debt	1,185,422	-	-	-
Total governmental activities	<u>\$ 31,271,324</u>	<u>\$ 341,035</u>	<u>\$ 3,929,094</u>	<u>\$ 950,313</u>
Business-type activities:				
Water and sewer	\$ 278,972	\$ 50,038	\$ -	\$ -
Total business-type activities	<u>\$ 278,972</u>	<u>\$ 50,038</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 31,550,296</u>	<u>\$ 391,073</u>	<u>\$ 3,929,094</u>	<u>\$ 950,313</u>
COMPONENT UNITS:				
School Board	\$ 16,571,016	\$ 4,825	\$ 4,013,242	\$ -
Economic Development Authority	2,101,996	5,000	1,529,511	-
Total component units	<u>\$ 18,673,012</u>	<u>\$ 9,825</u>	<u>\$ 5,542,753</u>	<u>\$ -</u>

General revenues and transfers:

General property taxes
Other local taxes:
Local sales and use taxes
Motor vehicle licenses
Business licenses
Other local taxes
Unrestricted revenues from use of money and property
Miscellaneous
Payments from Surry County
Grants and contributions not restricted to specific programs
Transfers
Total general revenues and transfers
Change in net position
Net position- beginning, as restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (1,854,147)		\$ (1,854,147)		
(688,888)		(688,888)		
(1,746,470)		(1,746,470)		
(1,892,358)		(1,892,358)		
(2,175,945)		(2,175,945)		
(12,094,027)		(12,094,027)		
(635,386)		(635,386)		
(3,778,239)		(3,778,239)		
(1,185,422)		(1,185,422)		
<u>\$ (26,050,882)</u>		<u>\$ (26,050,882)</u>		
	\$ (228,934)	\$ (228,934)		
	<u>\$ (228,934)</u>	<u>\$ (228,934)</u>		
		<u>\$ (26,279,816)</u>		
			\$ (12,552,949)	\$ -
			-	(567,485)
			<u>\$ (12,552,949)</u>	<u>\$ (567,485)</u>
\$ 22,939,954	\$ -	\$ 22,939,954	\$ -	\$ -
625,920	-	625,920	-	-
134,848	-	134,848	-	-
107,771	-	107,771	-	-
188,796	-	188,796	-	-
190,882	-	190,882	378	60
925,865	-	925,865	184,474	-
-	-	-	11,946,248	100,000
787,825	154,853	942,678	-	445,000
(143,390)	143,390	-	-	-
<u>\$ 25,758,471</u>	<u>\$ 298,243</u>	<u>\$ 26,056,714</u>	<u>\$ 12,131,100</u>	<u>\$ 545,060</u>
<u>\$ (292,411)</u>	<u>\$ 69,309</u>	<u>\$ (223,102)</u>	<u>\$ (421,849)</u>	<u>\$ (22,425)</u>
23,133,899	3,660,719	26,794,618	(6,575,212)	88,495
<u>\$ 22,841,488</u>	<u>\$ 3,730,028</u>	<u>\$ 26,571,516</u>	<u>\$ (6,997,061)</u>	<u>\$ 66,070</u>

County of Surry, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 16,858,653	\$ -	\$ 238,070	\$ 17,096,723
Receivables (net of allowance for uncollectibles):				
Taxes receivable	406,440	-	-	406,440
Accounts receivable	75,110	-	-	75,110
Due from other funds	1,001	-	-	1,001
Due from other governmental units	1,791,800	419	-	1,792,219
Restricted assets:				
Bond construction funds	-	13,394,844	-	13,394,844
Total assets	<u>\$ 19,133,004</u>	<u>\$ 13,395,263</u>	<u>\$ 238,070</u>	<u>\$ 32,766,337</u>
LIABILITIES				
Accounts payable	\$ 542,821	\$ 332,782	\$ -	\$ 875,603
Reconciled overdraft payable	-	6,667,746	-	6,667,746
Unearned grants	16,861	-	-	16,861
Due to other funds	-	-	1,001	1,001
Total liabilities	<u>\$ 559,682</u>	<u>\$ 7,000,528</u>	<u>\$ 1,001</u>	<u>\$ 7,561,211</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 347,097	\$ -	\$ -	\$ 347,097
Total deferred inflows of resources	<u>\$ 347,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,097</u>
FUND BALANCES				
Committed	\$ 8,130,065	\$ 6,394,735	\$ 184,340	\$ 14,709,140
Assigned	-	-	52,729	52,729
Unassigned	10,096,160	-	-	10,096,160
Total fund balances	<u>\$ 18,226,225</u>	<u>\$ 6,394,735</u>	<u>\$ 237,069</u>	<u>\$ 24,858,029</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,133,004</u>	<u>\$ 13,395,263</u>	<u>\$ 238,070</u>	<u>\$ 32,766,337</u>

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

County of Surry, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 24,858,029

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

Capital assets cost	\$ 46,840,811	
Accumulated depreciation	(20,042,160)	26,798,651

Other long-term assets are not available to pay for current-period expenditures and,
therefore, are deferred in the funds.

Unavailable revenue - property taxes		315,538
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Deferred outflows of resources are not available to pay for current-period expenditures and,
therefore, are not reported in the funds.

Pension related items	\$ 1,915,049	
OPEB related items	97,184	2,012,233

Long-term liabilities, including bonds payable, are not due and payable in the current
period and, therefore, are not reported in the funds. The following is a summary of
items supporting this adjustment:

General obligation bonds	\$ (1,555,000)	
Revenue bond	(22,595,000)	
Bond issuance premiums	(1,528,332)	
Net OPEB liability	(468,154)	
Net pension liability	(3,573,233)	
Compensated absences	(419,336)	
Landfill postclosure care	(756,828)	
Accrued interest payable	(215,499)	(31,111,382)

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

OPEB related items		(31,581)
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Net position of governmental activities		\$ 22,841,488
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The notes to the financial statements are an integral part of this statement.

County of Surry, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 23,138,148	\$ -	\$ -	\$ 23,138,148
Other local taxes	1,057,335	-	-	1,057,335
Permits, privilege fees, and regulatory licenses	79,962	-	-	79,962
Fines and forfeitures	35,900	-	-	35,900
Revenue from the use of money and property	137,296	53,507	79	190,882
Charges for services	225,173	-	-	225,173
Miscellaneous	145,039	500,000	280,826	925,865
Recovered costs	58,622	-	-	58,622
Intergovernmental:				
Commonwealth	2,606,002	950,313	29,050	3,585,365
Federal	2,081,867	-	-	2,081,867
Total revenues	<u>\$ 29,565,344</u>	<u>\$ 1,503,820</u>	<u>\$ 309,955</u>	<u>\$ 31,379,119</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,030,298	\$ -	\$ -	\$ 2,030,298
Judicial administration	707,203	-	-	707,203
Public safety	3,557,728	-	-	3,557,728
Public works	1,650,682	-	-	1,650,682
Health and welfare	3,573,667	-	-	3,573,667
Education	11,926,855	-	-	11,926,855
Parks, recreation, and cultural	515,986	-	-	515,986
Community development	681,520	-	1,214,680	1,896,200
Capital projects	-	3,456,744	-	3,456,744
Debt service:				
Principal retirement	1,225,000	-	-	1,225,000
Interest and other fiscal charges	2,282,753	-	-	2,282,753
Total expenditures	<u>\$ 28,151,692</u>	<u>\$ 3,456,744</u>	<u>\$ 1,214,680</u>	<u>\$ 32,823,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,413,652</u>	<u>\$ (1,952,924)</u>	<u>\$ (904,725)</u>	<u>\$ (1,443,997)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 96,450	\$ 2,979,811	\$ 585,327	\$ 3,661,588
Transfers out	(3,708,528)	(96,450)	-	(3,804,978)
Issuance of refunding lease revenue bonds	9,455,000	-	-	9,455,000
Issuance of lease revenue bonds	-	5,375,000	-	5,375,000
Premium on bond issuance	-	847,865	-	847,865
Payment to refunding bond agent	(8,005,000)	-	-	(8,005,000)
Total other financing sources (uses)	<u>\$ (2,162,078)</u>	<u>\$ 9,106,226</u>	<u>\$ 585,327</u>	<u>\$ 7,529,475</u>
Net change in fund balances	\$ (748,426)	\$ 7,153,302	\$ (319,398)	\$ 6,085,478
Fund balances - beginning	18,974,651	(758,567)	556,467	18,772,551
Fund balances - ending	<u>\$ 18,226,225</u>	<u>\$ 6,394,735</u>	<u>\$ 237,069</u>	<u>\$ 24,858,029</u>

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

County of Surry, Virginia
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, 2021

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

Net change in fund balances - total governmental funds	\$	6,085,478
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 1,277,050	
Depreciation expense	(1,326,664)	
Activity related to joint tenancy assets of Component Unit and Primary Government	<u>(20,692)</u>	(70,306)

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

Property taxes		(198,194)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The following is a summary of items supporting this adjustment:

Principal retired on school general obligation bonds	\$ 150,000	
Principal retired on lease revenue bond	9,080,000	
Issuance of lease revenue bond	(14,830,000)	
Premium on bond issuance	(847,865)	
Bond premium amortization	<u>1,068,208</u>	(5,379,657)

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.

The following is a summary of items supporting this adjustment:

Decrease (increase) in compensated absences	\$ (135,361)	
Pension expense	(628,869)	
OPEB expense	14,349	
Decrease (increase) in landfill postclosure care	(8,974)	
Decrease (increase) in accrued interest payable	<u>29,123</u>	(729,732)

Change in net position of governmental activities	\$	<u>(292,411)</u>
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The notes to the financial statements are an integral part of this statement.

County of Surry, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Fund Water and <u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 24,164
Accounts receivable, net of allowance for uncollectibles	9,293
Total current assets	<u>\$ 33,457</u>
Noncurrent assets:	
Capital assets:	
Land and land improvements	\$ 3,636
Utility plant in service	4,176,247
Equipment	119,992
Accumulated depreciation	(587,955)
Total net capital assets	<u>\$ 3,711,920</u>
Total noncurrent assets	<u>\$ 3,711,920</u>
Total assets	<u>\$ 3,745,377</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,349
Total current liabilities	<u>\$ 15,349</u>
Total liabilities	<u>\$ 15,349</u>
NET POSITION	
Investment in capital assets	\$ 3,711,920
Unrestricted	<u>18,108</u>
Total net position	<u><u>\$ 3,730,028</u></u>

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

County of Surry, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Fund Water and <u>Sewer</u>
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 50,038
Total operating revenues	<u>\$ 50,038</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 168,566
Depreciation	110,406
Total operating expenses	<u>\$ 278,972</u>
Operating income (loss)	<u>\$ (228,934)</u>
Income before transfers	<u>\$ (228,934)</u>
Capital contributions and construction grants	\$ 154,853
Transfers in	<u>143,390</u>
Change in net position	\$ 69,309
Net position- beginning, as restated	3,660,719
Net position - ending	<u><u>\$ 3,730,028</u></u>

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

County of Surry, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 58,099
Payments to suppliers	(183,089)
Net cash provided by (used for) operating activities	<u>\$ (124,990)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 143,390
Net cash provided by (used for) noncapital financing activities	<u>\$ 143,390</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to utility plant	\$ (154,853)
Capital contributions and construction grants	154,853
Net cash provided by (used for) capital and related financing activities	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 18,400
Cash and cash equivalents - beginning	5,764
Cash and cash equivalents - ending	<u><u>\$ 24,164</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (228,934)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 110,406
(Increase) decrease in accounts receivable	8,061
Increase (decrease) in accounts payable	(14,523)
Total adjustments	<u>\$ 103,944</u>
Net cash provided by (used for) operating activities	<u><u>\$ (124,990)</u></u>

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

County of Surry, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 228,097
Total assets	<u>\$ 228,097</u>
 NET POSITION	
Restricted for:	
Individuals	\$ 71,213
Other governments	156,884
Total net position	<u>\$ 228,097</u>

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

County of Surry, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

Custodial Funds

ADDITIONS

Contributions:

Donations	\$	38,985
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Investment earnings:

Interest and dividends		32
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Total additions	\$	39,017
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DEDUCTIONS

Purchases for supplies	\$	8,772
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Total deductions	\$	8,772
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Net increase (decrease) in fiduciary net position	\$	30,245
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Net position, beginning - as restated	\$	197,852
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Net position, ending	\$	228,097
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COUNTY OF NOTTOWAY, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 1—Summary of Significant Accounting Policies:

The County of Surry, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection, sanitation services, recreational activities, cultural events, education, and social services.

The financial statements of the County of Surry, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Surry (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2021.

Discretely Presented Component Units. The School Board members are elected by the citizens of Surry County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2021.

The Surry County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of five members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2021. The Authority does not issue a separate financial report.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

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

C. Other Related Organizations Included in the County's Financial Report

None

Excluded from the County's Annual Financial Report

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the Cities of Colonial Heights, Emporia, Hopewell, Petersburg and the Counties of Surry, Greensville, Prince George and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Surry County contributed \$62,748 to the District 19 Community Services Board for the fiscal year ended June 30, 2021.

Riverside Regional Jail

The Riverside Regional Jail is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by respective governing bodies of the participating jurisdictions. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General and County Capital Project Funds as major governmental funds.

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

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

1. Governmental Funds (Continued)

General Fund - is the primary operating fund of the County. This fund is used to account and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

Capital Projects Fund - The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The County also reports the County Capital Projects Fund as a major fund.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the following funds: Indoor Plumbing, Sheriff DEA Task Force and Economic Development. These funds are merged for financial statement purposes.

Fiduciary Funds - (Trust and Custodial Funds) - Account for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds which consists of the Special Welfare Fund, the Crater AAA Fund, and the Emergency Food and Shelter Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

- 2. Proprietary Funds** - accounts for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Enterprise Funds consist of the Water and Sewer Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system, as well as, construction of water and sewer systems.

E. Cash and Cash Equivalents

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

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

F. Investments

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

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds” (i.e. noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$170,658 at June 30, 2021 and is comprised of property taxes of \$125,061 and water and sewer charges of \$45,597.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

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

H. Capital Assets (Continued)

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

Assets	Years
Buildings	40
Buildings and Improvements	40
Infrastructure	40
Furniture, Vehicles, Office and Computer Equipment	5-20
Buses	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. 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.

K. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

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

K. Fund Balance (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a formal resolution of the Board. Assigned fund balance is also established by Board of Supervisors.

In the general fund, the County strives to maintain a committed fund balance to be used for ongoing expenditure obligations of approximately 25% of the actual budgeted operating expenditures.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General Fund</u>	<u>County Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances:				
Committed:				
Ongoing expenditure obligations	\$ 8,130,065	\$ -	\$ -	\$ 8,130,065
Capital Projects	-	6,394,735	-	6,394,735
DEA Task Force	-	-	53,370	53,370
Economic Development	-	-	130,970	130,970
Total Committed Fund Balance	<u>\$ 8,130,065</u>	<u>\$ 6,394,735</u>	<u>\$ 184,340</u>	<u>\$ 14,709,140</u>
Assigned:				
Indoor plumbing	\$ -	\$ -	\$ 52,729	\$ 52,729
Total Assigned Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,729</u>	<u>\$ 52,729</u>
Unassigned	<u>\$ 10,096,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,096,160</u>
Total Fund Balances	<u><u>\$ 18,226,225</u></u>	<u><u>\$ 6,394,735</u></u>	<u><u>\$ 237,069</u></u>	<u><u>\$ 24,858,029</u></u>

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

L. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

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

Medical and Dental Pay-As-You Go

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the County's and School Board's Medical and Dental Pay- As-You go Plan and the additions to/deductions from the County's and School Board's OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by the actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

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

P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 2—Stewardship, Compliance, and Accounting: (Continued)

4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2021. The School Cafeteria Fund has a negative fund balance at June 30, 2021.

Note 3—Deposits and Investments:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale. The County's investment policy has an emphasis on safety and liquidity of investments. The County's policy is to invest where funds are readily available with little risk of penalties for early withdrawal.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 11,018,916
Virginia State Non-Arbitrage Pool	13,394,844
Total	<u>\$ 24,413,760</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year.

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 11,018,916	\$ 11,018,916
Virginia State Non-Arbitrage Pool	13,394,844	13,394,844
Total	<u>\$ 24,413,760</u>	<u>\$ 24,413,760</u>

External Investment Pools

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 4—Due to/from Other Governments:

At June 30, 2021, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Surry County School Board	\$ 1,397,906	\$ -
Commonwealth of Virginia:		
Local sales tax	113,259	-
State Sales Tax	-	127,585
Constitutional officer reimbursements	85,353	-
Auto rental tax	441	-
Games of skill tax	720	-
Mobile home titling tax	75	-
Communications tax	5,901	-
Comprehensive services act	52,260	-
Welfare	33,783	-
Victim-witness grant	4,559	-
E-911 wireless grant	7,920	-
Federal Government:		
JROTC	-	6,773
Transportation safety	2,940	-
Victim-witness grant	13,678	-
School fund grants	-	300,934
Welfare	73,424	-
Total due from other governments	<u>\$ 1,792,219</u>	<u>\$ 435,292</u>

At June 30, 2021, amounts due to other local governments are as follows:

Other Local Governments:		
County of Surry	<u>\$ -</u>	<u>\$ 1,397,906</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Primary Government:</i>				
<i>Governmental Activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 1,811,163	\$ -	\$ -	\$ 1,811,163
Construction in progress	7,782,916	746,366	8,383,863	145,419
Total capital assets not subject to depreciation	<u>\$ 9,594,079</u>	<u>\$ 746,366</u>	<u>\$ 8,383,863</u>	<u>\$ 1,956,582</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 21,373,286	\$ 4,928,868	\$ -	\$ 26,302,154
Equipment	7,302,561	1,034,614	-	8,337,175
Infrastructure	734,835	2,951,065	-	3,685,900
Jointly owned assets	6,646,278	-	87,278	6,559,000
Total capital assets subject to depreciation	<u>\$ 36,056,960</u>	<u>\$ 8,914,547</u>	<u>\$ 87,278</u>	<u>\$ 44,884,229</u>
Accumulated depreciation:				
Buildings and improvements	\$ 7,820,018	\$ 659,373	\$ -	\$ 8,479,391
Equipment	5,909,490	445,835	-	6,355,325
Infrastructure	111,296	92,148	-	203,444
Jointly owned assets	4,941,278	129,308	66,586	5,004,000
Total accumulated depreciation	<u>\$ 18,782,082</u>	<u>\$ 1,326,664</u>	<u>\$ 66,586</u>	<u>\$ 20,042,160</u>
Total capital assets subject to depreciation, net	<u>\$ 17,274,878</u>	<u>\$ 7,587,883</u>	<u>\$ 20,692</u>	<u>\$ 24,842,069</u>
Governmental activities capital assets, net	<u>\$ 26,868,957</u>	<u>\$ 8,334,249</u>	<u>\$ 8,404,555</u>	<u>\$ 26,798,651</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets: (Continued)

A summary of proprietary fund property, plant, and equipment at June 30, 2021 follows:

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 3,636	\$ -	\$ -	\$ 3,636
Construction in progress	3,266,927	154,853	3,421,780	-
Total capital assets not subject to depreciation	\$ 3,270,563	\$ 154,853	\$ 3,421,780	\$ 3,636
Capital assets subject to depreciation:				
Utility Plant in Service	\$ 754,467	\$ 3,421,780	\$ -	\$ 4,176,247
Equipment	119,992	-	-	119,992
Total capital assets subject to depreciation	\$ 874,459	\$ 3,421,780	\$ -	\$ 4,296,239
Accumulated depreciation:				
Utility Plant in Service	\$ 381,556	\$ 104,406	\$ -	\$ 485,962
Equipment	95,993	6,000	-	101,993
Total accumulated depreciation	\$ 477,549	\$ 110,406	\$ -	\$ 587,955
Total capital assets subject to depreciation, net	\$ 396,910	\$ 3,311,374	\$ -	\$ 3,708,284
Business-type activities capital assets, net	\$ 3,667,473	\$ 3,466,227	\$ 3,421,780	\$ 3,711,920

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 158,330	\$ -	\$ -	\$ 158,330
Construction in progress	-	17,172	-	17,172
Total capital assets not subject to depreciation	\$ 158,330	\$ 17,172	\$ -	\$ 175,502
Capital assets subject to depreciation:				
Equipment	\$ 6,949,697	\$ 205,080	\$ -	\$ 7,154,777
Building improvement	1,615,304	-	-	1,615,304
Jointly owned assets	18,705,873	-	(87,278)	18,793,151
Total capital assets subject to depreciation	\$ 27,270,874	\$ 205,080	\$ (87,278)	\$ 27,563,232
Accumulated depreciation:				
Equipment	\$ 4,848,308	\$ 248,500	\$ -	\$ 5,096,808
Building improvement	136,383	76,148	-	212,531
Jointly owned assets	13,907,168	363,938	(66,586)	14,337,692
Total accumulated depreciation	\$ 18,891,859	\$ 688,586	\$ (66,586)	\$ 19,647,031
Total capital assets subject to depreciation, net	\$ 8,379,015	\$ (483,506)	\$ (20,692)	\$ 7,916,201
Component unit school board capital assets, net	\$ 8,537,345	\$ (466,334)	\$ (20,692)	\$ 8,091,703

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 213,868
Judicial administration	326,416
Public safety	445,985
Public works	56,391
Health and welfare	4,611
Education	129,308
Parks, recreation and cultural	114,594
Community development	<u>35,491</u>
Total Governmental activities	<u><u>\$ 1,326,664</u></u>
Business-type activities	<u><u>\$ 110,406</u></u>
Component Unit School Board	<u><u>\$ 688,586</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Surry, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$1,555,000 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 96,450	\$ 3,708,528
Other governmental funds	585,327	-
County Capital Projects Fund	2,979,811	96,450
Water and Sewer Fund	143,390	-
Total	<u>\$ 3,804,978</u>	<u>\$ 3,804,978</u>

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

Details of the Primary Government's interfund receivables and payables as of June 30, 2021 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ 1,001	\$ -
Other governmental funds	-	1,001
Total	<u>\$ 1,001</u>	<u>\$ 1,001</u>

Outstanding balances between the funds result mainly from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occurs, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 7—Long Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2021:

Primary Government:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences (payable by General Fund)	\$ 283,975	\$ 163,759	\$ 28,398	\$ 419,336	\$ 41,934
Lease revenue bonds	16,845,000	14,830,000	9,080,000	22,595,000	1,350,000
Bond premium	1,717,319	847,865	1,064,724	1,500,460	-
Net pension liability (payable by General Fund)	1,933,714	2,562,640	923,121	3,573,233	-
Net OPEB liabilities (payable by General Fund)	448,623	123,252	103,721	468,154	-
Landfill postclosure care	747,854	8,974	-	756,828	-
Total incurred by County	<u>\$ 21,976,485</u>	<u>\$ 18,536,490</u>	<u>\$ 11,199,964</u>	<u>\$ 29,313,011</u>	<u>\$ 1,391,934</u>
Incurred by School Board:					
General obligation bonds	\$ 1,705,000	\$ -	\$ 150,000	\$ 1,555,000	\$ 160,000
Bond premium	31,356	-	3,484	27,872	-
Total incurred by School Board	<u>\$ 1,736,356</u>	<u>\$ -</u>	<u>\$ 153,484</u>	<u>\$ 1,582,872</u>	<u>\$ 160,000</u>
Total Governmental Activities	<u><u>\$ 23,712,841</u></u>	<u><u>\$ 18,536,490</u></u>	<u><u>\$ 11,353,448</u></u>	<u><u>\$ 30,895,883</u></u>	<u><u>\$ 1,551,934</u></u>
Total Primary Government Obligations	<u><u>\$ 23,712,841</u></u>	<u><u>\$ 18,536,490</u></u>	<u><u>\$ 11,353,448</u></u>	<u><u>\$ 30,895,883</u></u>	<u><u>\$ 1,551,934</u></u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 7—Long Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities			
	County Obligations		School Obligations	
	Lease Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 1,350,000	\$ 692,778	\$ 160,000	\$ 77,262
2023	1,395,000	652,070	170,000	68,435
2024	1,430,000	608,872	180,000	59,072
2025	1,475,000	562,715	185,000	49,309
2026	1,530,000	513,157	200,000	39,010
2027	1,585,000	461,692	210,000	28,305
2028	1,635,000	408,320	220,000	17,340
2029	1,305,000	359,336	230,000	5,865
2030	1,350,000	315,098	-	-
2031	1,400,000	268,179	-	-
2032	1,445,000	222,582	-	-
2033	1,485,000	181,485	-	-
2034	1,525,000	141,314	-	-
2035	1,570,000	99,265	-	-
2036	845,000	65,066	-	-
2037	405,000	44,034	-	-
2038	425,000	26,916	-	-
2039	440,000	9,075	-	-
Total	<u>\$ 22,595,000</u>	<u>\$ 5,631,954</u>	<u>\$ 1,555,000</u>	<u>\$ 344,598</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

	Total Amount
<u>Governmental Activities</u>	
<u>Incurred by County:</u>	
<u>Lease Revenue Bonds:</u>	
\$15,795,000 lease revenue bond issued November 18, 2014, payable in various annual installments through October 1, 2027, interest payable semi-annually at 4.125%-5.125%.	\$ 2,250,000
\$5,875,000 lease revenue bond issued November 14, 2018, payable in various annual installments through April 1, 2035, interest payable semi-annually at 3.028%-5.125%.	5,515,000
\$14,830,000 lease revenue bond issued November 18, 2020, payable in various annual installments through October 1, 2035, interest payable semi-annually at 0.404%-5.125%.	14,830,000
Total lease revenue bonds	\$ 22,595,000
Bond issuance premium	\$ 1,500,460
Landfill postclosure care (Note 18)	\$ 756,828
Net pension liability (payable by General Fund)	\$ 3,573,233
Net OPEB liabilities (payable by General Fund)	\$ 468,154
Compensated absences (payable by General Fund)	\$ 419,336
Total incurred by County	\$ 29,313,011
<u>Incurred by School Board:</u>	
<u>General Obligation Bonds:</u>	
\$2,950,000 School Bond issued December 11, 2008 payable in various annual installments through January 15, 2029, interest payable semi-annually ranging from 4.10% to 5.35%.	\$ 1,555,000
Bond issuance premium	\$ 27,872
Total incurred by School Board	\$ 1,582,872
Total Long-Term Obligations, Governmental Activities	\$ 30,895,883

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 7—Long-Term Obligations: (Continued)

Component Unit - School Board:

The following is a summary of long-term obligation transactions for the year ended June 30, 2021:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 13,172,444	\$ 5,291,310	\$ 4,812,441	\$ 13,651,313	\$ -
Net OPEB liabilities	2,494,986	610,747	587,882	2,517,851	-
Total Component Unit-School Board	<u>\$ 15,667,430</u>	<u>\$ 5,902,057</u>	<u>\$ 5,400,323</u>	<u>\$ 16,169,164</u>	<u>\$ -</u>

Note 8—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue totaling \$347,097 is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 315,538
Prepaid property taxes due in December but paid in advance by taxpayers	<u>31,559</u>	<u>31,559</u>
Total	<u>\$ 31,559</u>	<u>\$ 347,097</u>

Note 9—Commitments and Contingent Liabilities:

Federal programs in which the County and its discretely presented component unit participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of the Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 9—Commitments and Contingent Liabilities: (Continued)

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 10—Litigation:

At June 30, 2021, there were no matters of litigation involving the County that would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 11—Risk Management:

The County, the Component Unit School Board, and the Component Unit EDA are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries insurance.

The County and the School Board are members of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board also participate with other localities in a public entity risk pool for their coverage of general liability and auto insurance with Virginia Municipal League and public officials liability with the Virginia Association of Counties Group Self Insurance Risk Pool. The County and School Board pay an annual premium to the pools for general insurance through member premiums. The County and School Board continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 12—Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Note 12—Pension Plans: (Continued)

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 12—Pension Plans: (Continued)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	61	78
Inactive members:		
Vested inactive members	10	4
Non-vested inactive members	17	13
Inactive members active elsewhere in VRS	28	14
Total inactive members	55	31
Active members	96	45
Total covered employees	212	154

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 11.79% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$500,868 and \$355,419 for the years ended June 30, 2021 and June 30, 2020, respectively.

Note 12—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 11.38% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board’s nonprofessional employees were \$101,745 and \$101,162 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 20,136,950	\$ 18,203,236	\$ 1,933,714
Changes for the year:			
Service cost	\$ 512,614	\$ -	\$ 512,614
Interest	1,317,296	-	1,317,296
Differences between expected and actual experience	720,316	-	720,316
Contributions - employer	-	354,709	(354,709)
Contributions - employee	-	225,025	(225,025)
Net investment income	-	343,387	(343,387)
Benefit payments, including refunds			
Refunds of employee contributions	(1,242,904)	(1,242,904)	-
Administrative expenses	-	(12,011)	12,011
Other changes	-	(403)	403
Net changes	\$ 1,307,322	\$ (332,197)	\$ 1,639,519
Balances at June 30, 2020	\$ 21,444,272	\$ 17,871,039	\$ 3,573,233

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 6,302,440	\$ 5,424,599	\$ 877,841
Changes for the year:			
Service cost	\$ 86,517	\$ -	\$ 86,517
Interest	411,302	-	411,302
Differences between expected and actual experience	140,842	-	140,842
Contributions - employer	-	100,999	(100,999)
Contributions - employee	-	45,828	(45,828)
Net investment income	-	102,030	(102,030)
Benefit payments, including refunds			
Refunds of employee contributions	(418,145)	(418,145)	-
Administrative expenses	-	(3,631)	3,631
Other changes	-	(118)	118
Net changes	\$ 220,516	\$ (173,037)	\$ 393,553
Balances at June 30, 2020	\$ 6,522,956	\$ 5,251,562	\$ 1,271,394

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 6,081,058	\$ 3,573,233	\$ 1,472,730
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,941,012	\$ 1,271,394	\$ 703,377

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,129,027 and \$238,159, respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 638,001	\$ -	\$ 62,596	\$ -
Change in assumptions	240,832	-	-	-
Net difference between projected and actual earnings on pension plan investments	535,348	-	157,605	-
Employer contributions subsequent to the measurement date	500,868	-	101,745	-
Total	<u>\$ 1,915,049</u>	<u>\$ -</u>	<u>\$ 321,946</u>	<u>\$ -</u>

\$500,868 and \$101,745 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 483,751	\$ 63,271
2023	475,983	50,754
2024	281,941	55,206
2025	172,506	50,970
2026	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$1,169,580 and \$1,130,433 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$12,379,919 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.08510% as compared to 0.09342% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$845,026. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 725,654
Change in assumptions	845,085	-
Net difference between projected and actual earnings on pension plan investments	941,630	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	442	1,490,220
Employer contributions subsequent to the measurement date	<u>1,169,580</u>	<u>-</u>
Total	<u>\$ 2,956,737</u>	<u>\$ 2,215,874</u>

\$1,169,580 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (430,789)
2023	(57,361)
2024	58,892
2025	60,773
2026	(60,232)
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 18,164,122	\$ 12,379,919	\$ 7,595,652

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 1,915,049	\$ -	\$ 3,573,233	\$ 1,129,027	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	321,946	-	1,271,394	238,159
School Board Professional	-	-	-	-	2,956,737	2,215,874	12,379,919	845,026
Totals	<u>\$ 1,915,049</u>	<u>\$ -</u>	<u>\$ 3,573,233</u>	<u>\$ 1,129,027</u>	<u>\$ 3,278,683</u>	<u>\$ 2,215,874</u>	<u>\$ 13,651,313</u>	<u>\$ 1,083,185</u>

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$24,640 and \$24,059 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$39,328 and \$38,733 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$5,274 and \$5,347 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the County reported a liability of \$375,154 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$603,952 and \$83,442, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was .02250% as compared to .02178% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was .03620% and .00500%, respectively as compared to .03977% and .00491% respectively at June 30, 2019.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

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

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$17,280. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$7,134. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$3,139. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,063	\$ 3,370	\$ 38,738	\$ 5,424	\$ 5,352	\$ 750
Net difference between projected and actual earnings on GLI OPEB plan investments	11,269	-	18,142	-	2,507	-
Change in assumptions	18,762	7,833	30,205	12,611	4,173	1,742
Changes in proportionate share	11,684	1,085	-	76,778	1,148	1,518
Employer contributions subsequent to the measurement date	24,640	-	39,328	-	5,274	-
Total	\$ 90,418	\$ 12,288	\$ 126,413	\$ 94,813	\$ 18,454	\$ 4,010

\$24,640, 39,328, and \$5,274, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2022	\$ 8,624	\$ (6,801)	\$ 1,214
2023	11,807	(1,677)	1,922
2024	14,091	2,999	2,568
2025	13,717	4,935	2,597
2026	4,645	(5,520)	774
Thereafter	606	(1,664)	95

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)**
As of June 30, 2021**Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Teachers (Continued)**

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

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

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

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 13—Group Life Insurance (GLI) Plan (OPEB PLAN): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 493,169	\$ 375,154	\$ 279,315
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 793,942	\$ 603,952	\$ 449,663
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 109,691	\$ 83,442	\$ 62,125

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	45
Total covered employees	<u>45</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2021 was 1.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$11,694 for the year ended June 30, 2021.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Net HIC OPEB Liability

The School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 171,824	\$ -	\$ 171,824
Net changes	\$ 171,824	\$ -	\$ 171,824
Balances at June 30, 2020	\$ 171,824	\$ -	\$ 171,824

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School Board's				
Net HIC OPEB Liability	\$	188,742	\$ 171,824	\$ 157,195

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

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$171,824. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 11,694	\$ -
Total	\$ 11,694	\$ -

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Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

\$11,694 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

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

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

Eligible Employees

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21 of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$88,123 and \$89,069 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$1,104,534 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was .08470% as compared to .09294% at June 30, 2019.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$63,326. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,751
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	4,895	-
Change in assumptions	21,835	6,035
Change in proportionate share	-	160,852
Employer contributions subsequent to the measurement date	<u>88,123</u>	<u>-</u>
Total	<u>\$ 114,853</u>	<u>\$ 181,638</u>

\$88,123 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (27,128)
2023	(26,643)
2024	(26,806)
2025	(25,902)
2026	(23,604)
Thereafter	(24,825)

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	1,236,410	\$ 1,104,534	\$ 992,448

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 12, the County administers a single-employer defined benefit healthcare plan, The County of Surry Postretirement Benefits Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 12, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Surry County Public Schools Postretirement Benefits Plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

Benefits Provided (Continued)

Postemployment benefits that are provided to eligible retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive post-employment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Surry County Public School's retiree medical plan.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	100	185
Total retirees with coverage	3	7
Total	103	192

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$17,498 and \$51,511.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2021.

Actuarial Assumptions

The County's total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.35% decreasing to 3.50%
Discount Rate	2.16% based on Bond Buyer 20-Year Bond GO Index

The School Board's total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.35% decreasing to 3.50%
Discount Rate	2.16% based on Bond Buyer 20-Year Bond GO Index

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

Actuarial Assumptions (Continued)

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index. The final equivalent single discount rate used for this year's valuation is 2.16% as of the end of June 30, 2021 with the expectation that the County and School Board will continue paying the pay-as-you-go cost.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2020	\$ 94,204	\$ 551,248
Changes for the year:		
Service cost	13,859	40,323
Interest	2,196	12,508
Changes in assumptions	239	1,531
Benefit payments	(17,498)	(51,511)
Net changes	\$ (1,204)	\$ 2,851
Balances at June 30, 2021	\$ <u>93,000</u>	\$ <u>554,099</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Primary Government:			
Total OPEB liability	\$ 97,638	\$ 93,000	\$ 88,143
Component Unit School Board:			
Total OPEB liability	\$ 583,315	\$ 554,099	\$ 522,673

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50% decreasing to 3.00%) or one percentage point higher (6.50% decreasing to 5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.50% decreasing to 3.00%)	Healthcare Cost Trend (5.50% decreasing to 4.00%)	1% Increase (5.50% decreasing to 5.00%)
Primary Government:			
Total OPEB liability	\$ 77,199	\$ 93,000	\$ 112,154

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (0.80% increasing to (4.60% decreasing to 3.00%) or one percentage point higher (6.60% decreasing to 5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.60% decreasing to 3.00%)	Healthcare Cost Trend (5.60% decreasing to 4.00%)	1% Increase (6.60% decreasing to 5.00%)
Component Unit School Board:			
Total OPEB liability	\$ 476,541	\$ 554,099	\$ 645,402

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$10,562 and \$51,169. At June 30, 2021, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,149	\$ -	\$ 43,183
Changes in assumptions	6,766	144	41,902	6,407
Total	<u>\$ 6,766</u>	<u>\$ 19,293</u>	<u>\$ 41,902</u>	<u>\$ 49,590</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 16—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

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

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2022	\$ (5,183)	\$ (1,662)
2023	(5,652)	(1,662)
2024	(1,692)	(1,802)
2025	-	(2,136)
2026	-	(426)
Thereafter	-	-

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

Note 17—Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gail P. Clayton, Clerk of the Circuit Court	\$ 380,000
Onike Ruffin, Treasurer	300,000
Jonathan F. Judkins, Commissioner of the Revenue	3,000
Carlos Turner, Sheriff	30,000
The Continental Insurance Company-Surety:	
All Social Services Employees-blanket bond	100,000

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 18—Landfill Closure and Postclosure Care Cost:

The \$756,828 reported as landfill postclosure liability at June 30, 2021, represents the estimated liability for postclosure monitoring. This amount is based on what it would cost to perform all postclosure care in 2021 over a remaining period of 16 years. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As of June 30, 2021, 100% of the landfill's total capacity has been used to date. The landfill was closed and capped in 1998.

The County has demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 19 - Line of Duty Act (LODA) (OPEB Benefits):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$9,167.

Note 20 - Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 90,418	\$ 12,288	\$ 375,154	\$ 17,280	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	18,454	4,010	83,442	3,139
School Board Professional	-	-	-	-	126,413	94,813	603,952	7,134
Health Insurance Credit Program (Note 14):								
School Board Nonprofessional	-	-	-	-	11,694	-	171,824	171,824
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	114,853	181,638	1,104,534	63,326
County Stand-Alone Plan (Note 16)	6,766	19,293	93,000	10,562	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	41,902	49,590	554,099	51,169
Totals	\$ 97,184	\$ 31,581	\$ 468,154	\$ 27,842	\$ 313,316	\$ 330,051	\$ 2,517,851	\$ 296,592

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 21—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the restatement of net position and fund balance, which is detailed in Note 24.

Note 22—Upcoming Pronouncements:

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 22—Upcoming Pronouncements: (Continued)

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

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

Note 23—COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$1,137,451. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$118,633. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$16,861 are reported as unearned revenue as of June 30.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On July 1, 2021, the County received \$623,699 for its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2021

Note 23—COVID-19 Pandemic Funding and Subsequent Events: (Continued)

ESF Funding

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

Note 24—Restatement of Net Position and Fund Balance:

The following adjustments have been made to beginning net position and fund balance:

	Primary Government					Component Unit	
	Custodial Funds			Governmental Activities	Business-Type Activities	School Board	Special Revenue Fund
	Special Welfare	Crater AAA	Emergency Food and Shelter				School Activity
Net position/Fund Balance, July 1, 2020, as previously stated	\$ -	\$ -	\$ -	\$ 26,400,826	\$ 393,792	\$ (6,639,996)	\$ -
Restatement:							
Implementation of GASB 84	52,077	145,635	140	-	-	64,784	64,784
Capital Asset Adjustment:							
Construction in progress	-	-	-	(3,266,927)	3,266,927	-	-
Net position/Fund Balance, July 1, 2020, as restated	<u>\$ 52,077</u>	<u>\$ 145,635</u>	<u>\$ 140</u>	<u>\$ 23,133,899</u>	<u>\$ 3,660,719</u>	<u>\$ (6,575,212)</u>	<u>\$ 64,784</u>

Note 25—Advanced Refunding:

On November 18, 2020, the County issued \$9,455,000 in VRA Refunding Bonds, Series 2020 Fall with interest rates ranging from 0.404% to 2.198%. The proceeds were used to refund \$8,005,000 of outstanding VRA Bonds, Series 2014C which had interest rates ranging from 3.028% to 5.125%. The net proceeds of \$9,280,477 (after payment of \$174,523 in issuance costs) were used to call the Series 2014C bonds. As a result, the refunded portion of the 2014C Series bonds have been removed from the statement of net position of the governmental activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,275,477. The County refunded the Series 2014C bonds to obtain an economic gain difference between the present values of the debt service payments on the old and new debt) of \$33,311.

County of Surry, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 22,111,639	\$ 22,111,639	\$ 23,138,148	\$ 1,026,509
Other local taxes	840,000	840,000	1,057,335	217,335
Permits, privilege fees, and regulatory licenses	34,200	34,200	79,962	45,762
Fines and forfeitures	40,000	40,000	35,900	(4,100)
Revenue from the use of money and property	239,626	239,626	137,296	(102,330)
Charges for services	243,950	243,950	225,173	(18,777)
Miscellaneous	66,462	66,462	145,039	78,577
Recovered costs	18,500	18,500	58,622	40,122
Intergovernmental:				
Commonwealth	2,788,768	2,788,768	2,606,002	(182,766)
Federal	1,390,575	1,390,575	2,081,867	691,292
Total revenues	\$ 27,773,720	\$ 27,773,720	\$ 29,565,344	\$ 1,791,624
EXPENDITURES				
Current:				
General government administration	\$ 2,083,045	\$ 2,083,045	\$ 2,030,298	\$ 52,747
Judicial administration	732,286	732,286	707,203	25,083
Public safety	3,772,871	3,772,871	3,557,728	215,143
Public works	1,663,392	1,663,392	1,650,682	12,710
Health and welfare	3,726,209	3,726,209	3,573,667	152,542
Education	12,360,697	12,360,697	11,926,855	433,842
Parks, recreation, and cultural	599,107	599,107	515,986	83,121
Community development	730,368	730,368	681,520	48,848
Debt service:				
Principal retirement	1,225,000	1,225,000	1,225,000	-
Interest and other fiscal charges	1,070,934	1,070,934	2,282,753	(1,211,819)
Total expenditures	\$ 27,963,909	\$ 27,963,909	\$ 28,151,692	\$ (187,783)
Excess (deficiency) of revenues over (under) expenditures	\$ (190,189)	\$ (190,189)	\$ 1,413,652	\$ 1,603,841
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 96,450	\$ 96,450
Transfers out	(3,708,588)	(3,708,588)	(3,708,528)	60
Issuance of refunding lease revenue bonds	9,455,000	9,455,000	9,455,000	-
Payment to refunding bond agent	(9,282,457)	(9,282,457)	(8,005,000)	1,277,457
Other	-	-	-	-
Total other financing sources (uses)	\$ (3,536,045)	\$ (3,536,045)	\$ (2,162,078)	\$ 1,373,967
Net change in fund balances	\$ (3,726,234)	\$ (3,726,234)	\$ (748,426)	\$ 2,977,808
Fund balances - beginning	3,726,234	3,726,234	18,974,651	15,248,417
Fund balances - ending	\$ -	\$ -	\$ 18,226,225	\$ 18,226,225

County of Surry, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 512,614	\$ 446,163
Interest	1,317,296	1,286,442
Differences between expected and actual experience	720,316	108,825
Changes of assumptions	-	557,716
Benefit payments	(1,242,904)	(1,279,883)
Net change in total pension liability	\$ 1,307,322	\$ 1,119,263
Total pension liability - beginning	20,136,950	19,017,687
Total pension liability - ending (a)	\$ 21,444,272	\$ 20,136,950
Plan fiduciary net position		
Contributions - employer	\$ 354,709	\$ 337,827
Contributions - employee	225,025	315,066
Net investment income	343,387	1,156,309
Benefit payments	(1,242,904)	(1,279,883)
Administrator charges	(12,011)	(11,909)
Other	(403)	(727)
Net change in plan fiduciary net position	\$ (332,197)	\$ 516,683
Plan fiduciary net position - beginning	18,203,236	17,686,553
Plan fiduciary net position - ending (b)	\$ 17,871,039	\$ 18,203,236
County's net pension liability - ending (a) - (b)	\$ 3,573,233	\$ 1,933,714
Plan fiduciary net position as a percentage of the total pension liability	83.34%	90.40%
Covered payroll	\$ 4,623,636	\$ 4,269,888
County's net pension liability as a percentage of covered payroll	77.28%	45.29%

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

Exhibit 13

2018	2017	2016	2015	2014
\$ 434,320	\$ 434,734	\$ 417,603	\$ 411,340	\$ 391,145
1,220,918	1,170,206	1,139,509	1,132,119	1,071,965
413,745	124,012	(23,768)	(553,229)	-
-	29,310	-	-	-
(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
\$ 1,083,021	\$ 676,605	\$ 425,369	\$ 328,890	\$ 916,925
17,934,666	17,258,061	16,832,692	16,503,802	15,586,877
<u>\$ 19,017,687</u>	<u>\$ 17,934,666</u>	<u>\$ 17,258,061</u>	<u>\$ 16,832,692</u>	<u>\$ 16,503,802</u>
\$ 273,087	\$ 272,074	\$ 361,721	\$ 362,868	\$ 382,061
207,895	219,825	189,642	191,927	181,266
1,241,488	1,883,572	263,004	703,835	2,102,412
(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
(10,908)	(11,235)	(10,178)	(9,603)	(11,194)
(1,098)	(1,658)	(115)	(147)	110
\$ 724,502	\$ 1,280,921	\$ (303,901)	\$ 587,540	\$ 2,108,470
16,962,051	15,681,130	15,985,031	15,397,491	13,289,021
<u>\$ 17,686,553</u>	<u>\$ 16,962,051</u>	<u>\$ 15,681,130</u>	<u>\$ 15,985,031</u>	<u>\$ 15,397,491</u>
\$ 1,331,134	\$ 972,615	\$ 1,576,931	\$ 847,661	\$ 1,106,311
93.00%	94.58%	90.86%	94.96%	93.30%
\$ 4,160,375	\$ 4,037,279	\$ 3,876,167	\$ 3,902,373	\$ 3,608,554
32.00%	24.09%	40.68%	21.72%	30.66%

County of Surry, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 86,517	\$ 88,702
Interest	411,302	420,410
Differences between expected and actual experience	140,842	(140,755)
Changes of assumptions	-	155,642
Benefit payments	(418,145)	(454,841)
Net change in total pension liability	\$ 220,516	\$ 69,158
Total pension liability - beginning	6,302,440	6,233,282
Total pension liability - ending (a)	\$ 6,522,956	\$ 6,302,440
 Plan fiduciary net position		
Contributions - employer	\$ 100,999	\$ 98,289
Contributions - employee	45,828	72,395
Net investment income	102,030	344,493
Benefit payments	(418,145)	(454,841)
Administrator charges	(3,631)	(3,598)
Other	(118)	(217)
Net change in plan fiduciary net position	\$ (173,037)	\$ 56,521
Plan fiduciary net position - beginning	5,424,599	5,368,078
Plan fiduciary net position - ending (b)	\$ 5,251,562	\$ 5,424,599
 School Division's net pension liability - ending (a) - (b)	\$ 1,271,394	\$ 877,841
 Plan fiduciary net position as a percentage of the total pension liability	80.51%	86.07%
 Covered payroll	\$ 996,677	\$ 961,628
 School Division's net pension liability as a percentage of covered payroll	127.56%	91.29%

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

Exhibit 14

2018	2017	2016	2015	2014
\$ 86,110	\$ 99,250	\$ 101,589	\$ 104,105	\$ 103,206
404,448	401,621	407,137	400,493	390,886
171,557	(44,242)	(175,816)	(4,521)	-
-	(3,930)	-	-	-
(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
\$ 248,793	\$ 41,393	\$ (79,216)	\$ 101,887	\$ 178,573
5,984,489	5,943,096	6,022,312	5,920,425	5,741,852
\$ 6,233,282	\$ 5,984,489	\$ 5,943,096	\$ 6,022,312	\$ 5,920,425
\$ 95,668	\$ 96,895	\$ 118,759	\$ 120,248	\$ 114,008
44,917	45,755	46,721	47,557	49,896
381,041	587,284	82,954	228,563	708,437
(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
(3,443)	(3,581)	(3,252)	(3,306)	(3,912)
(333)	(514)	(36)	(49)	37
\$ 104,528	\$ 314,533	\$ (166,980)	\$ (5,177)	\$ 552,947
5,263,550	4,949,017	5,115,997	5,121,174	4,568,227
\$ 5,368,078	\$ 5,263,550	\$ 4,949,017	\$ 5,115,997	\$ 5,121,174
\$ 865,204	\$ 720,939	\$ 994,079	\$ 906,315	\$ 799,251
86.12%	87.95%	83.27%	84.95%	86.50%
\$ 960,932	\$ 960,463	\$ 960,773	\$ 962,804	\$ 997,905
90.04%	75.06%	103.47%	94.13%	80.09%

County of Surry, Virginia
Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Employer's Proportion of the Net Pension Liability (Asset)	0.08510%	0.09342%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 12,379,919	\$ 12,294,603
Employer's Covered Payroll	\$ 7,422,403	\$ 7,795,885
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.79%	157.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

Exhibit 15

2018	2017	2016	2015	2014
0.09847%	0.10080%	0.10077%	0.10636%	0.10898%
\$ 11,580,000	\$ 12,396,000	\$ 14,122,000	\$ 13,387,000	\$ 13,170,000
\$ 7,942,962	\$ 7,902,638	\$ 7,683,184	\$ 7,907,861	\$ 7,969,660
145.79%	156.86%	183.80%	169.29%	165.25%
74.81%	72.92%	68.28%	70.68%	70.88%

County of Surry, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2021	\$ 500,868	\$ 500,868	\$ -	\$ 4,562,873	11.79%
2020	355,419	355,419	-	4,623,636	8.49%
2019	337,826	337,826	-	4,269,888	8.49%
2018	273,088	273,088	-	4,160,375	6.94%
2017	280,187	280,187	-	4,037,279	6.94%
2016	365,523	365,523	-	3,876,167	9.43%
2015	367,994	367,994	-	3,902,373	9.43%
2014	381,785	381,785	-	3,608,554	10.58%
2013	378,990	378,990	-	3,582,138	10.58%
2012	250,296	250,296	-	3,208,924	7.80%
Component Unit School Board (nonprofessional)					
2021	\$ 101,745	\$ 101,745	\$ -	\$ 958,513	11.38%
2020	101,162	101,162	-	996,677	10.89%
2019	98,289	98,289	-	961,628	10.89%
2018	96,055	96,055	-	960,932	10.50%
2017	100,849	100,849	-	960,463	10.50%
2016	120,577	120,577	-	960,773	12.55%
2015	120,832	120,832	-	962,804	12.55%
2014	113,661	113,661	-	997,905	11.39%
2013	111,808	111,808	-	981,630	11.39%
2012	62,721	62,721	-	884,643	7.09%
Component Unit School Board (professional)					
2021	\$ 1,169,580	\$ 1,169,580	\$ -	\$ 7,282,875	16.62%
2020	1,130,433	1,130,433	-	7,422,403	15.68%
2019	1,238,666	1,238,666	-	7,795,885	15.68%
2018	1,298,516	1,298,516	-	7,942,962	16.32%
2017	1,159,872	1,159,872	-	7,902,638	14.66%
2016	1,098,107	1,098,107	-	7,683,184	14.06%
2015	1,146,640	1,146,640	-	7,907,861	14.50%
2014	927,170	927,170	-	7,969,660	11.63%
2013	930,547	930,547	-	7,980,682	11.66%
2012	490,114	490,114	-	7,450,210	6.58%

County of Surry, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2021

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

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

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Surry, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through 2020

Exhibit 18

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2020	0.02250%	\$ 375,154	\$ 4,623,636	8.11%	52.64%
2019	0.02178%	354,419	4,269,888	8.30%	52.00%
2018	0.02188%	332,000	4,160,375	7.98%	51.22%
2017	0.02195%	330,000	4,048,531	8.15%	48.86%
Component Unit School Board (professional):					
2020	0.03620%	\$ 603,952	\$ 7,448,568	8.11%	52.64%
2019	0.03977%	647,164	7,795,885	8.30%	52.00%
2018	0.04177%	635,000	7,942,962	7.99%	51.22%
2017	0.04285%	645,000	7,902,638	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00500%	\$ 83,442	\$ 1,028,265	8.11%	52.64%
2019	0.00491%	79,899	961,628	8.31%	52.00%
2018	0.00505%	76,000	960,932	7.91%	51.22%
2017	0.00521%	78,000	960,463	8.12%	48.86%

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

County of Surry, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Exhibit 19

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2021	\$ 24,640	\$ 24,640	- \$	4,562,873	0.54%
2020	24,059	24,059	-	4,623,636	0.52%
2019	22,203	22,203	-	4,269,888	0.52%
2018	21,634	21,634	-	4,160,375	0.52%
2017	21,052	21,052	-	4,048,531	0.52%
2016	18,606	18,606	-	3,876,167	0.48%
2015	18,768	18,768	-	3,910,006	0.48%
2014	17,321	17,321	-	3,608,554	0.48%
2013	17,194	17,194	-	3,582,138	0.48%
2012	8,985	8,985	-	3,208,924	0.28%
Component Unit School Board (professional):					
2021	\$ 39,328	\$ 39,328	- \$	7,282,875	0.54%
2020	38,733	38,733	-	7,448,568	0.52%
2019	40,539	40,539	-	7,795,885	0.52%
2018	41,303	41,303	-	7,942,962	0.52%
2017	41,094	41,094	-	7,902,638	0.52%
2016	36,879	36,879	-	7,683,184	0.48%
2015	37,958	37,958	-	7,907,861	0.48%
2014	38,321	38,321	-	7,983,511	0.48%
2013	38,761	38,761	-	8,075,134	0.48%
2012	20,846	20,846	-	7,445,095	0.28%
Component Unit School Board (nonprofessional):					
2021	\$ 5,274	\$ 5,274	- \$	976,691	0.54%
2020	5,347	5,347	-	1,028,265	0.52%
2019	5,000	5,000	-	961,628	0.52%
2018	4,997	4,997	-	960,932	0.52%
2017	4,994	4,994	-	960,463	0.52%
2016	4,612	4,612	-	960,773	0.48%
2015	4,621	4,621	-	962,804	0.48%
2014	4,809	4,809	-	1,001,916	0.48%
2013	4,712	4,712	-	981,630	0.48%
2012	2,477	2,477	-	884,643	0.28%

County of Surry, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Surry, Virginia
 Schedule of Changes in the Net OPEB Liability and Related Ratios
 Health Insurance Credit (HIC) Plan
 School Board Component Unit (nonprofessional)
 For the Measurement Date of June 30, 2020

	<u>2020</u>
Total HIC OPEB Liability	
Changes in benefit terms	\$ 171,824
Net change in total HIC OPEB liability	\$ 171,824
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	<u>\$ 171,824</u>
School Board Component Unit (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 171,824
Plan fiduciary net position as a percentage of the total HIC OPEB liability	0.00%
Covered payroll	\$ -
School Board Component Unit (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Surry, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 School Board Component Unit (nonprofessional)
 For the Year Ended June 30, 2021

Date	Contractually		Contributions in Relation to		Employer's		Contributions as a % of Covered Payroll (5)
	Required Contribution (1)		Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)		
2021	\$ 11,694	\$	11,694	\$ -	\$ 958,513		1.22%

Schedule is intended to show information for 10 years. The School Board enrolled in the Health Insurance Credit Program in 2021. Additional years will be included as they become available.

County of Surry, Virginia
 Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 School Board Component Unit (nonprofessional)
 For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

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

Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.08470% \$	1,104,534 \$	7,422,403	14.88%	9.95%
2019	0.09294%	1,216,675	7,795,885	15.61%	8.97%
2018	0.09821%	1,247,000	7,942,962	15.70%	8.08%
2017	0.10013%	1,270,000	7,902,638	16.07%	7.04%

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

County of Surry, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Exhibit 25

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 88,123	\$ 88,123	\$ -	\$ 7,282,875	1.21%
2020	89,069	89,069	-	7,422,403	1.20%
2019	93,551	93,551	-	7,795,885	1.20%
2018	97,698	97,698	-	7,942,962	1.23%
2017	87,719	87,719	-	7,902,638	1.11%
2016	81,442	81,442	-	7,683,184	1.06%
2015	83,823	83,823	-	7,907,861	1.06%
2014	88,463	88,463	-	7,969,660	1.11%
2013	88,586	88,586	-	7,980,682	1.11%
2012	44,701	44,701	-	7,450,210	0.60%

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

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

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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 13,859	\$ 8,719	\$ 8,873	\$ 9,121
Interest	2,196	4,356	4,840	4,495
Economic/demographic gains or losses	-	(35,801)	-	-
Changes in assumptions	239	11,190	3,247	(3,020)
Benefit payments	(17,498)	(19,835)	(14,993)	(12,465)
Net change in total OPEB liability	\$ (1,204)	\$ (31,371)	\$ 1,967	\$ (1,869)
Total OPEB liability - beginning	94,204	125,575	123,608	125,477
Total OPEB liability - ending	\$ 93,000	\$ 94,204	\$ 125,575	\$ 123,608
 Covered-employee payroll	 \$ 4,585,039	 \$ 4,585,039	 \$ 4,125,259	 \$ 4,125,259
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 2.03%	 2.05%	 3.04%	 3.00%

Schedule is intended to show information for 10 years. Information prior to 2018 is not available. However, additional years will be included as they become available.

County of Surry, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2018 through June 30, 2021

Exhibit 28

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 40,323	\$ 26,326	\$ 25,610	\$ 26,477
Interest	12,508	20,049	21,784	20,569
Economic/demographic gains or losses	-	(63,747)	-	-
Changes in assumptions	1,531	48,680	16,233	(15,903)
Benefit payments	(51,511)	(52,680)	(56,263)	(53,761)
Net change in total OPEB liability	\$ 2,851	\$ (21,372)	\$ 7,364	\$ (22,618)
Total OPEB liability - beginning	551,248	572,620	565,256	587,874
Total OPEB liability - ending	\$ 554,099	\$ 551,248	\$ 572,620	\$ 565,256
 Covered-employee payroll	 \$ 7,912,542	 \$ 7,912,542	 \$ 8,596,400	 \$ 8,596,400
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 7.00%	 6.97%	 6.66%	 6.58%

Schedule is intended to show information for 10 years. Information prior to 2018 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information - Primary Government OPEB

For the Year Ended June 30, 2021

Valuation Date: 1/1/2020

Measurement Date: 6/30/2021

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 percentage of pay
Discount Rate	2.16% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.50% in 2021, then gradually declines to 4.00% over 52 years
Salary Increase Rates	The salary increase rate was 3.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.□

Notes to Required Supplementary Information - Component Unit School Board - OPEB
For the Year Ended June 30, 2020

Valuation Date: 1/1/2020

Measurement Date: 6/30/2021

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 percentage of pay
Discount Rate	2.16% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.60% in 2021, then gradually declines to 4.00% over 52 years
Salary Increase Rates	The salary increase rate was 3.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates. □

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 53,507	\$ 53,507
Miscellaneous	-	-	500,000	500,000
Intergovernmental:				
Commonwealth	2,436,225	2,436,225	950,313	(1,485,912)
Total revenues	\$ 2,436,225	\$ 2,436,225	\$ 1,503,820	\$ (932,405)
EXPENDITURES				
Capital projects	\$ 12,805,341	\$ 12,805,341	\$ 3,456,744	\$ 9,348,597
Total expenditures	\$ 12,805,341	\$ 12,805,341	\$ 3,456,744	\$ 9,348,597
Excess (deficiency) of revenues over (under) expenditures	\$ (10,369,116)	\$ (10,369,116)	\$ (1,952,924)	\$ 8,416,192
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,919,811	\$ 2,919,811	\$ 2,979,811	\$ 60,000
Transfers out	-	-	(96,450)	(96,450)
Issuance of lease revenue bonds	6,554,582	6,554,582	5,375,000	(1,179,582)
Premium on bond issuance	-	-	847,865	847,865
Total other financing sources (uses)	\$ 9,474,393	\$ 9,474,393	\$ 9,106,226	\$ (368,167)
Net change in fund balances	\$ (894,723)	\$ (894,723)	\$ 7,153,302	\$ 8,048,025
Fund balances - beginning	894,723	894,723	(758,567)	(1,653,290)
Fund balances - ending	\$ -	\$ -	\$ 6,394,735	\$ 6,394,735

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 30	\$ 30	\$ 79	\$ 49
Miscellaneous	463,700	463,700	280,826	(182,874)
Intergovernmental:				
Commonwealth	-	-	29,050	29,050
Total revenues	\$ 463,730	\$ 463,730	\$ 309,955	\$ (153,775)
EXPENDITURES				
Current:				
Public safety	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community development	1,608,330	1,608,330	1,214,680	393,650
Total expenditures	\$ 1,633,330	\$ 1,633,330	\$ 1,214,680	\$ 418,650
Excess (deficiency) of revenues over (under) expenditures	\$ (1,169,600)	\$ (1,169,600)	\$ (904,725)	\$ 264,875
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 585,327	\$ 585,327	\$ 585,327	\$ -
Total other financing sources (uses)	\$ 585,327	\$ 585,327	\$ 585,327	\$ -
Net change in fund balances	\$ (584,273)	\$ (584,273)	\$ (319,398)	\$ 264,875
Fund balances - beginning	584,273	584,273	556,467	(27,806)
Fund balances - ending	\$ -	\$ -	\$ 237,069	\$ 237,069

County of Surry, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds			
	Special <u>Welfare</u>	Crater <u>AAA</u>	Emergency Food and <u>Shelter</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 71,213	\$ 156,743	\$ 141	\$ 228,097
Total assets	\$ 71,213	\$ 156,743	\$ 141	\$ 228,097
NET POSITION				
Restricted for:				
Individuals	\$ 71,213	\$ -	\$ -	\$ 71,213
Other governments	-	156,743	141	156,884
Total net position	\$ 71,213	\$ 156,743	\$ 141	\$ 228,097

County of Surry, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Crater AAA</u>	<u>Emergency Food and Shelter</u>	
ADDITIONS				
Contributions:				
Donations	\$ 26,529	\$ 12,456	\$ -	\$ 38,985
Investment earnings:				
Interest and dividends	31	-	1	32
Total additions	<u>\$ 26,560</u>	<u>\$ 12,456</u>	<u>\$ 1</u>	<u>\$ 39,017</u>
DEDUCTIONS				
Purchases for supplies	\$ 7,424	\$ 1,348	\$ -	\$ 8,772
Total deductions	<u>\$ 7,424</u>	<u>\$ 1,348</u>	<u>\$ -</u>	<u>\$ 8,772</u>
Net increase (decrease) in fiduciary net position	\$ 19,136	\$ 11,108	\$ 1	\$ 30,245
Net position, beginning - as restated	52,077	145,635	140	\$ 197,852
Net position, ending	<u>\$ 71,213</u>	<u>\$ 156,743</u>	<u>\$ 141</u>	<u>\$ 228,097</u>

County of Surry, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,702,282	\$ -	\$ 56,556	\$ 2,758,838
Due from other governmental units	375,061	60,231	-	435,292
Total assets	<u>\$ 3,077,343</u>	<u>\$ 60,231</u>	<u>\$ 56,556</u>	<u>\$ 3,194,130</u>
LIABILITIES				
Accounts payable	\$ 332,453	\$ 1,302	\$ -	\$ 333,755
Accrued liabilities	1,346,984	38,846	-	1,385,830
Reconciled overdraft payable	-	42,313	-	42,313
Due to other governmental units	1,397,906	-	-	1,397,906
Total liabilities	<u>\$ 3,077,343</u>	<u>\$ 82,461</u>	<u>\$ -</u>	<u>\$ 3,159,804</u>
FUND BALANCES				
Committed:				
School Cafeteria Fund	\$ -	\$ (22,230)	\$ -	\$ (22,230)
School Activity Fund	-	-	56,556	56,556
Total fund balances	<u>\$ -</u>	<u>\$ (22,230)</u>	<u>\$ 56,556</u>	<u>\$ 34,326</u>
Total liabilities and fund balances	<u>\$ 3,077,343</u>	<u>\$ 60,231</u>	<u>\$ 56,556</u>	<u>\$ 3,194,130</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balances per above	\$ 34,326
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets cost, as restated	\$ 27,738,734
Accumulated depreciation	<u>(19,647,031)</u>
	8,091,703
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension related items	\$ 3,278,683
OPEB related items	<u>313,316</u>
	3,591,999
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	\$ (13,651,313)
Net OPEB liability	<u>(2,517,851)</u>
	(16,169,164)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.	
Pension related items	\$ (2,215,874)
OPEB related items	<u>(330,051)</u>
	(2,545,925)
Net position of governmental activities	<u><u>\$ (6,997,061)</u></u>

County of Surry, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 378	\$ -	\$ -	\$ 378
Charges for services	-	4,825	-	4,825
Miscellaneous	150,069	-	34,405	184,474
Intergovernmental:				
Local government	11,925,556	-	-	11,925,556
Commonwealth	2,925,893	3,234	-	2,929,127
Federal	766,701	317,414	-	1,084,115
Total revenues	\$ 15,768,597	\$ 325,473	\$ 34,405	\$ 16,128,475
EXPENDITURES				
Current:				
Education	\$ 15,768,597	\$ 379,979	\$ 42,633	\$ 16,191,209
Total expenditures	\$ 15,768,597	\$ 379,979	\$ 42,633	\$ 16,191,209
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (54,506)	\$ (8,228)	\$ (62,734)
Net change in fund balances	\$ -	\$ (54,506)	\$ (8,228)	\$ (62,734)
Fund balances - beginning, as restated	-	32,276	64,784	97,060
Fund balances - ending	\$ -	\$ (22,230)	\$ 56,556	\$ 34,326

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

Net change in fund balances - total governmental funds - per above \$ (62,734)

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

Capital outlay	\$ 222,252	
Depreciation expense	(688,586)	
Activity related to joint tenancy assets of Component Unit and Primary Government	20,692	(445,642)

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.

OPEB expense	\$ (100,552)	
Pension expense	187,079	86,527

Change in net position of governmental activities \$ (421,849)

County of Surry, Virginia

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2021

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 378	\$ 378
Charges for services	-	-	-	-
Miscellaneous	32,133	128,021	150,069	22,048
Intergovernmental:				
Local government	12,357,898	12,357,898	11,925,556	(432,342)
Commonwealth	2,849,326	2,802,145	2,925,893	123,748
Federal	750,358	1,296,811	766,701	(530,110)
Total revenues	\$ 15,989,715	\$ 16,584,875	\$ 15,768,597	\$ (816,278)
EXPENDITURES				
Current:				
Education	\$ 15,989,715	\$ 16,584,875	\$ 15,768,597	\$ 816,278
Total expenditures	\$ 15,989,715	\$ 16,584,875	\$ 15,768,597	\$ 816,278
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning - as restated	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				School Activity Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
165,200	165,200	4,825	(160,375)	-	-	-	-
-	-	-	-	-	-	34,405	34,405
-	-	-	-	-	-	-	-
10,100	5,240	3,234	(2,006)	-	-	-	-
337,700	389,005	317,414	(71,591)	-	-	-	-
\$ 513,000	\$ 559,445	\$ 325,473	\$ (233,972)	\$ -	\$ -	\$ 34,405	\$ 34,405
\$ 513,000	\$ 559,445	\$ 379,979	\$ 179,466	\$ -	\$ -	\$ 42,633	\$ (42,633)
\$ 513,000	\$ 559,445	\$ 379,979	\$ 179,466	\$ -	\$ -	\$ 42,633	\$ (42,633)
\$ -	\$ -	\$ (54,506)	\$ (54,506)	\$ -	\$ -	\$ (8,228)	\$ (8,228)
\$ -	\$ -	\$ (54,506)	\$ (54,506)	\$ -	\$ -	\$ (8,228)	\$ (8,228)
-	-	32,276	32,276	-	-	64,784	64,784
\$ -	\$ -	\$ (22,230)	\$ (22,230)	\$ -	\$ -	\$ 56,556	\$ 56,556

County of Surry, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ <u>66,070</u>
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NET POSITION

Unrestricted	\$ <u>66,070</u>
Total net position	\$ <u><u>66,070</u></u>

County of Surry, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

OPERATING REVENUES

Charges for services:

Rents	\$	5,000
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Total operating revenues	\$	5,000
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OPERATING EXPENSES

Other charges	\$	35
---------------	----	----

Total operating expenses	\$	35
--------------------------	----	----

Operating income (loss)	\$	4,965
-------------------------	----	-------

NONOPERATING REVENUES (EXPENSES)

Contribution from Surry County - CARES funds	\$	445,000
--	----	---------

Interest income		60
-----------------	--	----

Local market grant from Surry County		100,000
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CARES grants to businesses		(572,450)
----------------------------	--	-----------

Broadband grant from Surry County		1,529,511
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Broadband grant to Prince George Electric Cooperative		(1,529,511)
---	--	-------------

Total nonoperating revenues (expenses)	\$	(27,390)
--	----	----------

Change in net position	\$	(22,425)
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Net position - beginning		88,495
--------------------------	--	--------

Net position - ending	\$	66,070
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County of Surry, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 5,000
Payments for operating activities	(35)
Net cash provided by (used for) operating activities	<u>\$ 4,965</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES**

Contribution from Surry County - CARES funds	\$ 445,000
Local market grant from Surry County	100,000
CARES grants to businesses	(572,450)
Broadband grant from Surry County	1,529,511
Broadband grant to Prince George Electric Cooperative	<u>(1,529,511)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ (27,450)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 60
Net cash provided by (used for) investing activities	<u>\$ 60</u>

Net increase (decrease) in cash and cash equivalents \$ (22,425)

Cash and cash equivalents - beginning 88,495
Cash and cash equivalents - ending \$ 66,070

**Reconciliation of operating income (loss) to net cash
provided by (used for) operating activities:**

Operating income (loss)	\$ 4,965
Net cash provided (used) by operating activities	<u><u>\$ 4,965</u></u>

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,615,000	\$ 6,615,000	\$ 6,792,913	\$ 177,913
Real and personal public service corporation taxes	13,818,838	13,818,838	14,568,889	750,051
Personal property taxes	1,562,801	1,562,801	1,648,804	86,003
Penalties	45,000	45,000	55,665	10,665
Interest	70,000	70,000	71,877	1,877
Total general property taxes	\$ 22,111,639	\$ 22,111,639	\$ 23,138,148	\$ 1,026,509
Other local taxes:				
Local sales and use taxes	\$ 450,000	\$ 450,000	\$ 625,920	\$ 175,920
Consumption tax	20,000	20,000	20,792	792
Business license taxes	95,000	95,000	107,771	12,771
Motor vehicle licenses	135,000	135,000	134,848	(152)
Taxes on recordation and wills	60,000	60,000	76,899	16,899
Meals tax	80,000	80,000	91,105	11,105
Total other local taxes	\$ 840,000	\$ 840,000	\$ 1,057,335	\$ 217,335
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,400	\$ 3,400	\$ 2,780	\$ (620)
Building permits	20,000	20,000	40,488	20,488
Permits and other licenses	10,800	10,800	36,694	25,894
Total permits, privilege fees, and regulatory licenses	\$ 34,200	\$ 34,200	\$ 79,962	\$ 45,762
Fines and forfeitures:				
Court fines and forfeitures	\$ 40,000	\$ 40,000	\$ 35,900	\$ (4,100)
Revenue from use of money and property:				
Revenue from use of money	\$ 125,000	\$ 125,000	\$ 14,396	\$ (110,604)
Revenue from use of property	114,626	114,626	122,900	8,274
Total revenue from use of money and property	\$ 239,626	\$ 239,626	\$ 137,296	\$ (102,330)
Charges for services:				
Sheriff fees	\$ 10,550	\$ 10,550	\$ 14,930	\$ 4,380
Charges for Commonwealth's Attorney	1,000	1,000	2,018	1,018
Charges for Treasurer	-	-	123	123
Courthouse maintenance fees	2,700	2,700	3,811	1,111
Charges for other court services	4,200	4,200	3,249	(951)
Charges for ambulance	198,000	198,000	186,381	(11,619)
Charges for sanitation and waste removal	6,000	6,000	13,971	7,971
Charges for farmers market vendor fees	500	500	565	65
Charges for parks and recreation	21,000	21,000	125	(20,875)
Total charges for services	\$ 243,950	\$ 243,950	\$ 225,173	\$ (18,777)
Miscellaneous:				
Miscellaneous	\$ 66,462	\$ 66,462	\$ 145,039	\$ 78,577

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Insurance premiums	\$ -	\$ -	\$ 4,919	\$ 4,919
Recovered costs	18,500	18,500	53,703	35,203
Total recovered costs	\$ 18,500	\$ 18,500	\$ 58,622	\$ 40,122
Total revenue from local sources	\$ 23,594,377	\$ 23,594,377	\$ 24,877,475	\$ 1,283,098
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ -	\$ -	\$ 3,498	\$ 3,498
Mobile home titling tax	10,000	10,000	15,213	5,213
Games of skill	-	-	5,328	5,328
Taxes on deeds	15,000	15,000	-	(15,000)
Communications tax	40,000	40,000	37,833	(2,167)
Auto rental tax	-	-	1,468	1,468
State recordation tax	15,000	15,000	17,155	2,155
Personal property tax relief funds	677,907	677,907	677,907	-
Total noncategorical aid	\$ 757,907	\$ 757,907	\$ 758,402	\$ 495
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 172,187	\$ 172,187	\$ 171,999	\$ (188)
Sheriff	490,876	490,876	493,889	3,013
Commissioner of revenue	78,653	78,653	71,241	(7,412)
Treasurer	67,301	67,301	67,770	469
Registrar/electoral board	37,663	37,663	38,428	765
Clerk of the circuit court	162,071	162,071	179,964	17,893
Total shared expenses	\$ 1,008,751	\$ 1,008,751	\$ 1,023,291	\$ 14,540
Other categorical aid:				
Public assistance and welfare administration	\$ 519,581	\$ 519,581	\$ 358,448	\$ (161,133)
Fire programs fund	22,450	22,450	30,000	7,550
Children's services act	283,395	283,395	250,025	(33,370)
Wireless funds	40,000	40,000	44,463	4,463
Emergency medical services	8,125	8,125	-	(8,125)
Victim-witness grant	76,585	76,585	23,062	(53,523)
Radiological emergency preparedness grant	30,000	30,000	30,000	-
Records preservation grant	14,391	14,391	14,391	-
Litter control	4,883	4,883	5,608	725
DMV grant	12,700	12,700	-	(12,700)
Rescue squads	-	-	54,978	54,978
Census	-	-	2,500	2,500
Revenue holding	-	-	834	834
Wanderlove	10,000	10,000	10,000	-
Total other categorical aid	\$ 1,022,110	\$ 1,022,110	\$ 824,309	\$ (197,801)
Total categorical aid	\$ 2,030,861	\$ 2,030,861	\$ 1,847,600	\$ (183,261)
Total revenue from the Commonwealth	\$ 2,788,768	\$ 2,788,768	\$ 2,606,002	\$ (182,766)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ 560,295	\$ 560,295	\$ 1,075,067	\$ 514,772
Payments in lieu of taxes	360	360	373	13
Total noncategorical aid	<u>\$ 560,655</u>	<u>\$ 560,655</u>	<u>\$ 1,075,440</u>	<u>\$ 514,785</u>
Categorical aid:				
Public assistance and welfare administration	\$ 829,920	\$ 829,920	\$ 942,719	\$ 112,799
Criminal justice grant	-	-	49,430	49,430
Sheriff DMV grant	-	-	8,208	8,208
Justice assistance grant	-	-	3,700	3,700
Bulletproof vest grant	-	-	2,370	2,370
Total categorical aid	<u>\$ 829,920</u>	<u>\$ 829,920</u>	<u>\$ 1,006,427</u>	<u>\$ 176,507</u>
Total revenue from the federal government	<u>\$ 1,390,575</u>	<u>\$ 1,390,575</u>	<u>\$ 2,081,867</u>	<u>\$ 691,292</u>
Total General Fund	<u><u>\$ 27,773,720</u></u>	<u><u>\$ 27,773,720</u></u>	<u><u>\$ 29,565,344</u></u>	<u><u>\$ 1,791,624</u></u>
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30	\$ 30	\$ 79	\$ 49
Miscellaneous:				
Miscellaneous	\$ 463,700	\$ 463,700	\$ 280,826	\$ (182,874)
Total revenue from local sources	<u>\$ 463,730</u>	<u>\$ 463,730</u>	<u>\$ 280,905</u>	<u>\$ (182,825)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VEDP grant	\$ -	\$ -	\$ 29,050	\$ 29,050
Total revenue from the Commonwealth	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,050</u>	<u>\$ 29,050</u>
Total Special Revenue Fund	<u><u>\$ 463,730</u></u>	<u><u>\$ 463,730</u></u>	<u><u>\$ 309,955</u></u>	<u><u>\$ (153,775)</u></u>
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 53,507	\$ 53,507
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 500,000	\$ 500,000
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,507</u>	<u>\$ 553,507</u>

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
County Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Capital grants	\$ 2,436,225	\$ 2,436,225	\$ 950,313	\$ (1,485,912)
Total categorical aid	\$ 2,436,225	\$ 2,436,225	\$ 950,313	\$ (1,485,912)
Total revenue from the Commonwealth	\$ 2,436,225	\$ 2,436,225	\$ 950,313	\$ (1,485,912)
Total County Capital Projects Fund	\$ 2,436,225	\$ 2,436,225	\$ 1,503,820	\$ (932,405)
Total Primary Government	\$ 30,673,675	\$ 30,673,675	\$ 31,379,119	\$ 705,444
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 378	\$ 378
Total revenue from use of money and property	\$ -	\$ -	\$ 378	\$ 378
Miscellaneous:				
Miscellaneous	\$ 32,133	\$ 128,021	\$ 150,069	\$ 22,048
Total revenue from local sources	\$ 32,133	\$ 128,021	\$ 150,447	\$ 22,426
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Surry	\$ 12,357,898	\$ 12,357,898	\$ 11,925,556	\$ (432,342)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,037,124	\$ 962,545	\$ 1,026,274	\$ 63,729
Basic school aid	790,252	790,252	727,117	(63,135)
Remedial summer education	16,677	16,677	-	(16,677)
Gifted and talented	7,091	7,091	6,610	(481)
Special education	167,687	167,687	154,664	(13,023)
Textbook payment	14,379	14,379	13,402	(977)
Remedial education	31,711	31,711	29,556	(2,155)
Vocational education	71,844	71,844	69,404	(2,440)
Early reading intervention	4,266	4,266	4,266	-
School fringes	182,905	182,905	170,476	(12,429)
English as a second language	1,005	1,005	1,005	-
Technology	128,000	128,000	128,000	-
Mentor teacher program	632	632	675	43
Lottery payments	200,000	200,000	200,000	-
At risk payments	75,000	75,000	69,891	(5,109)
Primary class size	40,589	40,589	35,566	(5,023)
SOL algebra readiness	4,309	4,309	3,608	(701)
No loss	-	-	184,707	184,707
Restraint	-	4,026	4,026	-
At risk four-year olds	72,749	72,749	48,359	(24,390)
School security grant	-	23,372	18,667	(4,705)
Project graduation	3,106	3,106	3,106	-

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other state funds	\$ -	\$ -	\$ 26,514	\$ 26,514
Total categorical aid	\$ 2,849,326	\$ 2,802,145	\$ 2,925,893	\$ 123,748
Total revenue from the Commonwealth	\$ 2,849,326	\$ 2,802,145	\$ 2,925,893	\$ 123,748
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 213,953	\$ 213,953	\$ 45,434	\$ (168,519)
Title VI-B, special education flow-through	277,216	277,216	174,086	(103,130)
Vocational education	16,938	16,938	25,507	8,569
Title VI-B, special education pre-school	4,632	9,159	4,527	(4,632)
JROTC	72,000	72,000	66,713	(5,287)
TANF	-	-	14,901	14,901
ESSER	-	287,199	130,180	(157,019)
Title V Rural	150,047	245,268	158,676	(86,592)
COVID-19 CARES	-	118,633	118,633	-
Other federal funds	15,572	56,445	28,044	(28,401)
Total categorical aid	\$ 750,358	\$ 1,296,811	\$ 766,701	\$ (530,110)
Total revenue from the federal government	\$ 750,358	\$ 1,296,811	\$ 766,701	\$ (530,110)
Total School Operating Fund	\$ 15,989,715	\$ 16,584,875	\$ 15,768,597	\$ (816,278)
Special Revenue Funds:				
Special Revenue Funds:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 165,200	\$ 165,200	\$ 4,825	\$ (160,375)
Total charges for services	\$ 165,200	\$ 165,200	\$ 4,825	\$ (160,375)
Total revenue from local sources	\$ 165,200	\$ 165,200	\$ 4,825	\$ (160,375)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 10,100	\$ 5,240	\$ 3,234	\$ (2,006)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 312,700	\$ 364,005	\$ 298,666	\$ (65,339)
Commodities	25,000	25,000	18,748	(6,252)
Total categorical aid	\$ 337,700	\$ 389,005	\$ 317,414	\$ (71,591)
Total revenue from the federal government	\$ 337,700	\$ 389,005	\$ 317,414	\$ (71,591)
Total School Cafeteria Fund	\$ 513,000	\$ 559,445	\$ 325,473	\$ (233,972)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 34,405	\$ 34,405
Total School Activity Fund	\$ -	\$ -	\$ 34,405	\$ 34,405
Total Discretely Presented Component Unit - School Board	\$ 16,502,715	\$ 17,144,320	\$ 16,128,475	\$ (1,015,845)

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 151,222	\$ 151,222	\$ 122,321	\$ 28,901
General and financial administration:				
County administrator	\$ 484,193	\$ 484,193	\$ 483,560	\$ 633
Legal services	100,840	100,840	100,818	22
Commissioner of revenue	233,931	233,931	233,054	877
Independent audit	49,232	49,232	45,820	3,412
Treasurer	279,198	279,198	267,847	11,351
Finance department	141,182	141,182	135,639	5,543
Information technology	505,947	505,947	504,071	1,876
Total general and financial administration	\$ 1,794,523	\$ 1,794,523	\$ 1,770,809	\$ 23,714
Board of elections:				
Electoral board and officials	\$ 137,300	\$ 137,300	\$ 137,168	\$ 132
Total general government administration	\$ 2,083,045	\$ 2,083,045	\$ 2,030,298	\$ 52,747
Judicial administration:				
Courts:				
Circuit court	\$ 19,300	\$ 19,300	\$ 19,222	\$ 78
General district court	48,851	48,851	48,755	96
Victim Witness	70,000	70,000	73,067	(3,067)
Clerk of the circuit court	300,581	300,581	281,666	18,915
Total courts	\$ 438,732	\$ 438,732	\$ 422,710	\$ 16,022
Commonwealth's attorney:				
Commonwealth's attorney	\$ 293,554	\$ 293,554	\$ 284,493	\$ 9,061
Total judicial administration	\$ 732,286	\$ 732,286	\$ 707,203	\$ 25,083
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,795,250	\$ 1,795,250	\$ 1,704,234	\$ 91,016
CARES funds	-	-	43,103	(43,103)
Virginia juvenile crime control act	5,976	5,976	3,466	2,510
Total law enforcement and traffic control	\$ 1,801,226	\$ 1,801,226	\$ 1,750,803	\$ 50,423
Fire and rescue services:				
Fire department/rescue services	\$ 769,803	\$ 769,803	\$ 725,822	\$ 43,981
Correction and detention:				
Confinement and care of prisoners	\$ 310,033	\$ 310,033	\$ 309,834	\$ 199

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 152,278	\$ 152,278	\$ 151,880	\$ 398
Other protection:				
Animal control	\$ 202,872	\$ 202,872	\$ 187,476	\$ 15,396
Emergency services	445,169	445,169	350,588	94,581
E-911 communications	91,490	91,490	81,325	10,165
Total other protection	\$ 739,531	\$ 739,531	\$ 619,389	\$ 120,142
Total public safety	\$ 3,772,871	\$ 3,772,871	\$ 3,557,728	\$ 215,143
Public works:				
Sanitation and waste removal:				
Sanitation	\$ 771,004	\$ 771,004	\$ 762,317	\$ 8,687
Litter control	4,883	4,883	4,668	215
Total sanitation and waste removal	\$ 775,887	\$ 775,887	\$ 766,985	\$ 8,902
Maintenance of general buildings and grounds:				
General properties	\$ 887,505	\$ 887,505	\$ 883,697	\$ 3,808
Total public works	\$ 1,663,392	\$ 1,663,392	\$ 1,650,682	\$ 12,710
Health and welfare:				
Health:				
Supplement of local health department	\$ 209,664	\$ 209,664	\$ 209,664	\$ -
Total health	\$ 209,664	\$ 209,664	\$ 209,664	\$ -
Mental health and mental retardation:				
Community services board	\$ 62,748	\$ 62,748	\$ 62,748	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,834,494	\$ 1,834,494	\$ 1,727,949	\$ 106,545
Children's services act	545,677	545,677	524,501	21,176
SSG improvement association	42,378	42,378	42,378	-
Workforce development	85,448	85,448	67,793	17,655
Office on youth	308,944	308,944	308,011	933
CARES Act	636,856	636,856	630,623	6,233
Total welfare	\$ 3,453,797	\$ 3,453,797	\$ 3,301,255	\$ 152,542
Total health and welfare	\$ 3,726,209	\$ 3,726,209	\$ 3,573,667	\$ 152,542

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 2,799	\$ 2,799	\$ 1,299	\$ 1,500
Contribution to County School Board	12,357,898	12,357,898	11,925,556	432,342
Total education	\$ 12,360,697	\$ 12,360,697	\$ 11,926,855	\$ 433,842
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 311,851	\$ 311,851	\$ 259,419	\$ 52,432
Marina	115,500	115,500	85,214	30,286
Total parks and recreation	\$ 427,351	\$ 427,351	\$ 344,633	\$ 82,718
Library:				
Contribution to regional library	\$ 171,756	\$ 171,756	\$ 171,353	\$ 403
Total parks, recreation, and cultural	\$ 599,107	\$ 599,107	\$ 515,986	\$ 83,121
Community development:				
Planning and community development:				
Planning and zoning	\$ 296,065	\$ 296,065	\$ 274,631	\$ 21,434
Zoning board	3,533	3,533	-	3,533
Highway transportation safety commission	271	271	81	190
Planning district commission	6,673	6,673	5,033	1,640
Economic development	197,820	197,820	191,439	6,381
Tourism	150,749	150,749	147,132	3,617
Farmers market	19,123	19,123	16,610	2,513
Other planning and community development	843	843	-	843
Total planning and community development	\$ 675,077	\$ 675,077	\$ 634,926	\$ 40,151
Cooperative extension program:				
Extension office	\$ 55,291	\$ 55,291	\$ 46,594	\$ 8,697
Total community development	\$ 730,368	\$ 730,368	\$ 681,520	\$ 48,848
Debt service:				
Principal retirement	\$ 1,225,000	\$ 1,225,000	\$ 1,225,000	\$ -
Interest and other fiscal charges	1,070,934	1,070,934	2,282,753	(1,211,819)
Total debt service	\$ 2,295,934	\$ 2,295,934	\$ 3,507,753	\$ (1,211,819)
Total General Fund	\$ 27,963,909	\$ 27,963,909	\$ 28,151,692	\$ (187,783)

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Public Safety:				
DEA task force	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Total public safety	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community development				
Indoor plumbing program	\$ 11,730	\$ 11,730	\$ -	\$ 11,730
Economic development	1,596,600	1,596,600	1,214,680	381,920
Total community development	\$ 1,608,330	\$ 1,608,330	\$ 1,214,680	\$ 393,650
Total Special Revenue Fund	\$ 1,633,330	\$ 1,633,330	\$ 1,214,680	\$ 418,650
County Capital Projects Fund:				
Capital projects:				
Record books cleaning	\$ 14,391	\$ 14,391	\$ 14,391	\$ -
Technology upgrades	25,000	25,000	25,000	-
Broadband project	4,475,000	4,475,000	1,668,850	2,806,150
Rescue squad building	-	-	176,066	(176,066)
Marina project	984,749	984,749	127,732	857,017
Water upgrades	413,678	413,678	154,853	258,825
Sanitation equipment	74,200	74,200	25,753	48,447
County capital projects	301,128	301,128	720,246	(419,118)
CAD system	93,516	93,516	124,662	(31,146)
VESTA hardware refresh	65,858	65,858	45,981	19,877
Animal shelter	190,037	190,037	-	190,037
Public safety radios	5,407,784	5,407,784	93,376	5,314,408
Fire equipment	260,000	260,000	262,662	(2,662)
School capital projects	500,000	500,000	17,172	482,828
Total capital projects	\$ 12,805,341	\$ 12,805,341	\$ 3,456,744	\$ 9,348,597
Total County Capital Projects Fund	\$ 12,805,341	\$ 12,805,341	\$ 3,456,744	\$ 9,348,597
Total Primary Government	\$ 42,402,580	\$ 42,402,580	\$ 32,823,116	\$ 9,579,464

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Operating Costs:				
Administration, health, and attendance	\$ 998,809	\$ 1,004,057	\$ 1,002,025	\$ 2,032
Instruction costs	11,073,342	11,180,976	10,537,982	642,994
Districtwide technology	698,153	969,665	914,831	54,834
Pupil transportation	1,168,159	1,180,983	1,067,328	113,655
Operation and maintenance of school plant	2,051,252	2,249,194	2,246,431	2,763
Total operating costs	<u>\$ 15,989,715</u>	<u>\$ 16,584,875</u>	<u>\$ 15,768,597</u>	<u>\$ 816,278</u>
Total education	<u>\$ 15,989,715</u>	<u>\$ 16,584,875</u>	<u>\$ 15,768,597</u>	<u>\$ 816,278</u>
Total School Operating Fund	<u>\$ 15,989,715</u>	<u>\$ 16,584,875</u>	<u>\$ 15,768,597</u>	<u>\$ 816,278</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
School food services	\$ 513,000	\$ 559,445	\$ 361,231	\$ 198,214
Commodities	-	-	18,748	(18,748)
Total School Cafeteria Fund	<u>\$ 513,000</u>	<u>\$ 559,445</u>	<u>\$ 379,979</u>	<u>\$ 179,466</u>
School Activity Fund:				
Education:				
School activity funds:				
School Activity Funds	\$ -	\$ -	\$ 42,633	\$ (42,633)
Total school activity funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,633</u>	<u>\$ (42,633)</u>
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,633</u>	<u>\$ (42,633)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,633</u>	<u>\$ (42,633)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 16,502,715</u>	<u>\$ 17,144,320</u>	<u>\$ 16,191,209</u>	<u>\$ 953,111</u>

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the County's financial performance and well-being have changed over time.

1 - 4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-8

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

9-10

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

11-12

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relate to the services the County provides and the activities it performs.

13-15

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF SURRY, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 2,631,382	\$ 3,321,023	\$ 4,482,211	\$ 4,678,557
Unrestricted	11,782,612	13,441,797	14,864,951	15,045,158
Total governmental activities net position	<u>\$ 14,413,994</u>	<u>\$ 16,762,820</u>	<u>\$ 19,347,162</u>	<u>\$ 19,723,715</u>
Business-type activities				
Net investment in capital assets	\$ 5,610,317	\$ 5,460,113	\$ 5,311,812	\$ 5,165,477
Unrestricted	(18,810)	(15,684)	(31,037)	(26,024)
Total business-type activities net position	<u>\$ 5,591,507</u>	<u>\$ 5,444,429</u>	<u>\$ 5,280,775</u>	<u>\$ 5,139,453</u>
Primary Government				
Net investment in capital assets	\$ 8,241,699	\$ 8,781,136	\$ 9,794,023	\$ 9,844,034
Unrestricted	11,763,802	13,426,113	14,833,914	15,019,134
Total Primary government net position	<u>\$ 20,005,501</u>	<u>\$ 22,207,249</u>	<u>\$ 24,627,937</u>	<u>\$ 24,863,168</u>

Table 1

2016	2017	2018	2019	2020	2021
\$ 5,764,238	\$ 6,655,370	\$ 9,400,418	\$ 11,006,048	\$ 17,192,612	\$ 14,515,163
14,793,362	15,856,084	14,275,872	14,250,518	9,208,214	8,326,325
\$ 20,557,600	\$ 22,511,454	\$ 23,676,290	\$ 25,256,566	\$ 26,400,826	\$ 22,841,488
\$ 5,021,173	\$ 5,409,740	\$ 450,268	\$ 425,407	\$ 400,546	\$ 3,711,920
(36,137)	(1,464)	(12,070)	(6,755)	(6,754)	18,108
\$ 4,985,036	\$ 5,408,276	\$ 438,198	\$ 418,652	\$ 393,792	\$ 3,730,028
\$ 10,785,411	\$ 12,065,110	\$ 9,850,686	\$ 11,431,455	\$ 17,593,158	\$ 18,227,083
14,757,225	15,854,620	14,263,802	14,243,763	9,201,460	8,344,433
\$ 25,542,636	\$ 27,919,730	\$ 24,114,488	\$ 25,675,218	\$ 26,794,618	\$ 26,571,516

COUNTY OF SURRY, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses				
Governmental activities				
General government administration	\$ 1,375,325	\$ 1,647,559	\$ 1,584,521	\$ 1,991,967
Judicial administration	734,692	746,655	766,927	748,445
Public safety	3,022,043	3,316,803	3,193,870	3,328,127
Public works	1,059,277	1,061,654	1,153,265	87,783
Health and welfare	2,269,681	2,451,304	2,457,024	2,441,740
Community development	570,296	479,927	491,679	533,375
Parks, Recreation and cultural	515,549	562,994	899,221	576,999
Education	11,570,030	11,967,342	11,525,579	12,149,458
Interest and other financial charges	748,812	709,606	674,932	1,024,436
Total governmental activities	<u>\$ 21,865,705</u>	<u>\$ 22,943,844</u>	<u>\$ 22,747,018</u>	<u>\$ 22,882,330</u>
Business-type activities				
Water and Sewer	\$ 451,572	\$ 405,141	\$ 498,727	\$ 489,378
Total business-type activities	<u>\$ 451,572</u>	<u>\$ 405,141</u>	<u>\$ 498,727</u>	<u>\$ 489,378</u>
Total primary government expenses	<u><u>\$ 22,317,277</u></u>	<u><u>\$ 23,348,985</u></u>	<u><u>\$ 23,245,745</u></u>	<u><u>\$ 23,371,708</u></u>
Program Revenues				
Governmental activities				
Charges for services:				
General government administration	\$ 12,414	\$ 1,784	\$ 1,117	\$ 295
Judicial administration	41,784	91,304	90,461	69,629
Public safety	50,841	42,316	48,333	59,880
Public works	49,139	49,609	51,934	45,556
Parks, recreation and cultural	29,469	28,788	38,969	52,662
Community development	-	10,737	13,639	10,208
Operating grants and contributions	2,231,420	2,199,793	2,410,697	2,535,110
Capital Grants and contributions	70,447	672,973	59,671	20,805
Total governmental activities	<u>\$ 2,485,514</u>	<u>\$ 3,097,304</u>	<u>\$ 2,714,821</u>	<u>\$ 2,794,145</u>
Business-type activities				
Charges for services:				
Water and Sewer	\$ 60,662	\$ 60,427	\$ 50,812	\$ 197,263
Capital grants and contributions	-	-	-	-
Total business-type activities	<u>\$ 60,662</u>	<u>\$ 60,427</u>	<u>\$ 50,812</u>	<u>\$ 197,263</u>
Total primary government revenues	<u><u>\$ 2,546,176</u></u>	<u><u>\$ 3,157,731</u></u>	<u><u>\$ 2,765,633</u></u>	<u><u>\$ 2,991,408</u></u>

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2016	2017	2018	2019	2020	2021
\$ 2,132,002	\$ 1,917,740	\$ 1,964,276	\$ 2,078,003	\$ 2,136,398	\$ 2,999,747
773,107	888,575	873,741	911,831	1,008,861	1,112,591
2,918,282	3,290,894	3,606,834	3,577,148	4,006,059	3,816,148
1,413,326	1,557,463	1,422,039	1,640,550	1,467,102	1,911,937
2,303,706	2,320,721	2,302,899	2,379,011	3,115,050	3,727,137
531,693	1,018,108	516,728	1,265,986	813,042	3,778,239
1,176,469	(139,681)	632,537	722,787	684,751	646,076
12,463,776	12,055,007	13,088,905	12,362,185	13,195,678	12,094,027
562,721	538,332	505,507	634,730	650,388	1,185,422
\$ 24,275,082	\$ 23,447,159	\$ 24,913,466	\$ 25,572,231	\$ 27,077,329	\$ 31,271,324
\$ 457,130	\$ 521,937	\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972
\$ 457,130	\$ 521,937	\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972
\$ 24,732,212	\$ 23,969,096	\$ 30,044,930	\$ 25,733,806	\$ 27,267,620	\$ 31,550,296
\$ 276	\$ 16,429	\$ 14,928	\$ 145	\$ 186	\$ 123
45,947	66,032	43,015	67,947	38,646	44,978
47,887	58,176	62,557	267,105	235,428	281,273
42,663	35,100	39,897	25,908	7,694	13,971
63,891	31,916	20,837	22,677	16,943	690
-	-	-	-	-	-
2,345,604	2,586,006	2,619,000	2,538,393	2,976,278	3,929,094
322,950	-	-	-	967,420	950,313
\$ 2,869,218	\$ 2,793,659	\$ 2,800,234	\$ 2,922,175	\$ 4,242,595	\$ 5,220,442
\$ 134,154	\$ 150,495	\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038
-	-	-	-	-	-
\$ 134,154	\$ 150,495	\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038
\$ 3,003,372	\$ 2,944,154	\$ 2,864,720	\$ 2,981,014	\$ 4,298,411	\$ 5,270,480

COUNTY OF SURRY, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Net (Expense)/Revenue				
Governmental activities	\$ (19,380,191)	\$ (19,846,540)	\$ (20,032,197)	\$ (20,088,185)
Business-type activities	(391,145)	(354,329)	(429,307)	(292,115)
Total primary government net expense	<u>\$ (19,771,336)</u>	<u>\$ (20,200,869)</u>	<u>\$ (20,461,504)</u>	<u>\$ (20,380,300)</u>

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes

Property taxes	\$ 19,924,721	\$ 20,724,814	\$ 21,177,468	\$ 20,966,352
Other local taxes	878,104	742,671	755,736	644,424
Investment earnings	91,269	98,183	90,225	94,049
Miscellaneous	19,075	32,331	92,072	55,082
Non-categorical aid from the Commonwealth	771,328	778,690	766,691	771,419
Transfers	(240,853)	(207,251)	(265,653)	(150,793)
Total governmental activities	<u>\$ 21,443,644</u>	<u>\$ 22,169,438</u>	<u>\$ 22,616,539</u>	<u>\$ 22,380,533</u>

Business-type activities

Capital contributions	\$ -	\$ -	\$ -	\$ -
Transfers	240,853	207,251	265,653	150,793
Total business-type activities	<u>\$ 240,853</u>	<u>\$ 207,251</u>	<u>\$ 265,653</u>	<u>\$ 150,793</u>
Total primary government	<u><u>\$ 21,684,497</u></u>	<u><u>\$ 22,376,689</u></u>	<u><u>\$ 22,882,192</u></u>	<u><u>\$ 22,531,326</u></u>

Changes in Net Position

Governmental activities	\$ 2,063,453	\$ 2,322,898	\$ 2,584,342	\$ 2,292,348
Business-type activities	(150,292)	(147,078)	(163,654)	(141,322)
Total primary government	<u>\$ 1,913,161</u>	<u>\$ 2,175,820</u>	<u>\$ 2,420,688</u>	<u>\$ 2,151,026</u>

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2016	2017	2018	2019	2020	2021
\$ (21,405,864)	\$ (20,653,500)	\$ (22,113,232)	\$ (22,650,056)	\$ (22,834,734)	\$ (26,050,882)
(322,976)	(371,442)	(5,066,978)	(102,736)	(134,475)	(228,934)
\$ (21,728,840)	\$ (21,024,942)	\$ (27,180,210)	\$ (22,752,792)	\$ (22,969,209)	\$ (26,279,816)

\$ 20,744,418	\$ 21,725,342	\$ 21,766,374	\$ 21,551,518	\$ 22,140,946	\$ 22,939,954
706,543	610,920	780,408	1,126,200	1,118,145	1,057,335
154,325	226,484	368,134	701,171	452,566	190,882
54,442	70,236	164,975	156,952	315,529	925,865
769,719	769,054	776,502	777,681	761,013	787,825
(168,559)	(794,682)	(96,900)	(83,190)	(109,615)	(143,390)
\$ 22,260,888	\$ 22,607,354	\$ 23,759,493	\$ 24,230,332	\$ 24,678,584	\$ 25,758,471

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 154,853
168,559	794,682	96,900	83,190	109,615	143,390
\$ 168,559	\$ 794,682	\$ 96,900	\$ 83,190	\$ 109,615	\$ 298,243
\$ 22,429,447	\$ 23,402,036	\$ 23,856,393	\$ 24,313,522	\$ 24,788,199	\$ 26,056,714

\$ 855,024	\$ 1,953,854	\$ 1,646,261	\$ 1,580,276	\$ 1,843,850	\$ (292,411)
(154,417)	423,240	(4,970,078)	(19,546)	(24,860)	69,309
\$ 700,607	\$ 2,377,094	\$ (3,323,817)	\$ 1,560,730	\$ 1,818,990	\$ (223,102)

COUNTY OF SURRY, VIRGINIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015
General fund				
Unreserved	\$ -	\$ -	\$ -	\$ -
Committed	5,788,537	5,536,834	5,690,518	5,889,072
Unassigned	5,591,064	8,093,311	10,678,611	12,593,041
Total general fund	<u>\$ 11,379,601</u>	<u>\$ 13,630,145</u>	<u>\$ 16,369,129</u>	<u>\$ 18,482,113</u>
All other governmental funds				
Unreserved, reported in:				
Special revenue funds	\$ -	\$ -	\$ -	\$ -
Capital projects funds	-	-	-	-
Committed	1,979,195	1,638,403	299,867	3,620,347
Assigned	-	3,973	19,170	29,403
Unassigned	(27,714)	-	-	-
Total all other governmental funds	<u>\$ 1,951,481</u>	<u>\$ 1,642,376</u>	<u>\$ 319,037</u>	<u>\$ 3,649,750</u>

Table 3

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,480,761	6,509,370	7,372,426	9,900,350	11,093,362	8,130,065
13,442,281	12,813,118	12,783,307	10,494,377	7,881,289	10,096,160
\$ 17,923,042	\$ 19,322,488	\$ 20,155,733	\$ 20,394,727	\$ 18,974,651	\$ 18,226,225
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,254,813	1,576,782	(618,860)	3,302,030	520,373	6,579,075
35,567	42,611	42,785	36,094	36,094	52,729
-	-	-	-	(758,567)	-
\$ 2,290,380	\$ 1,619,393	\$ (576,075)	\$ 3,338,124	\$ (202,100)	\$ 6,631,804

COUNTY OF SURRY, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015
Revenues				
General property taxes	\$ 19,964,237	\$ 21,012,899	\$ 21,140,727	\$ 21,119,861
Other local taxes	878,104	742,671	755,736	644,424
Permits, privilege fees and licenses	50,542	42,017	48,034	59,555
Fines and Forfeitures	18,091	49,350	49,826	30,963
Revenue from use of money & property	91,269	98,183	90,225	94,049
Charges for services	115,014	133,171	146,593	147,712
Miscellaneous	19,075	32,331	92,072	55,082
Recovered costs	209	886	229	700
Commonwealth of Virginia	2,126,006	2,732,108	2,196,137	2,316,990
Federal Government	947,189	919,348	1,040,922	1,010,344
Total revenues	\$ 24,209,736	\$ 25,762,964	\$ 25,560,501	\$ 25,479,680
Expenditures				
General government administration	\$ 1,303,131	\$ 1,357,725	\$ 1,388,887	\$ 1,411,117
Judicial administration	402,742	415,237	434,476	436,324
Public Safety	2,730,279	3,015,476	2,927,342	3,031,347
Public works	1,009,790	983,123	1,067,715	1,164,473
Health and welfare	2,337,613	2,422,570	2,423,793	2,417,346
Education	11,338,153	11,766,080	11,380,579	11,758,980
Community development	404,459	538,068	461,795	688,660
Parks, recreation and cultural	490,216	455,404	669,741	518,254
Capital projects	367,937	1,010,776	1,472,333	2,245,537
Debt service				
Principal	936,045	922,469	959,102	13,339,050
Interest and other fiscal charges	772,479	727,346	693,440	1,190,219
Total Expenditures	\$ 22,092,844	\$ 23,614,274	\$ 23,879,203	\$ 38,201,307
Revenues over (under) expenditures	\$ 2,116,892	\$ 2,148,690	\$ 1,681,298	\$ (12,721,627)
Other financing sources (uses)				
Transfers in	\$ 594,456	\$ 25,345	\$ 62,906	\$ -
Transfers out	(835,309)	(232,596)	(328,559)	(150,793)
Issuance of bonds	-	-	-	18,316,117
Bond issuance premium	-	-	-	-
Payment to refunding bond agent	-	-	-	-
Total other financing sources (uses)	\$ (240,853)	\$ (207,251)	\$ (265,653)	\$ 18,165,324
Net change in fund balances	\$ 1,876,039	\$ 1,941,439	\$ 1,415,645	\$ 5,443,697
Debt service as a percentage of noncapital expenditures	7.89%	7.22%	7.30%	39.61%

Table 4

2016		2017		2018		2019		2020		2021	
\$	20,939,138	\$	21,692,941	\$	21,670,403	\$	21,600,237	\$	22,023,784	\$	23,138,148
	706,543		610,920		780,408		1,126,200		1,118,145		1,057,335
	37,354		39,843		49,723		57,890		38,408		79,962
	20,043		43,375		34,210		59,254		31,272		35,900
	154,325		226,484		368,134		701,171		452,566		190,882
	143,267		124,435		97,301		266,638		229,217		225,173
	54,442		70,236		164,975		156,952		315,529		925,865
	29,588		20,149		95,520		23,781		35,967		58,622
	2,173,971		2,410,290		2,466,263		2,394,276		2,629,458		3,585,365
	1,264,302		944,770		929,239		921,798		2,075,253		2,081,867
\$	25,522,973	\$	26,183,443	\$	26,656,176	\$	27,308,197	\$	28,949,599	\$	31,379,119
\$	1,655,003	\$	1,433,635	\$	1,655,924	\$	1,815,006	\$	1,858,332	\$	2,030,298
	476,120		570,201		565,128		625,561		660,930		707,203
	2,968,027		3,054,207		3,289,980		3,398,314		3,543,384		3,557,728
	1,290,413		1,510,054		1,407,940		1,554,097		1,564,133		1,650,682
	2,340,943		2,279,521		2,301,035		2,433,879		3,029,935		3,573,667
	12,145,887		11,871,307		12,758,905		12,138,405		12,106,306		11,926,855
	694,471		563,922		597,532		692,578		628,855		1,896,200
	521,082		524,311		504,458		773,470		755,205		515,986
	3,288,574		954,910		2,948,838		4,236,211		7,554,938		3,456,744
	1,045,000		1,085,000		1,125,000		1,055,000		1,165,000		1,225,000
	847,335		813,234		766,759		840,248		933,265		2,282,753
\$	27,272,855	\$	24,660,302	\$	27,921,499	\$	29,562,769	\$	33,800,283	\$	32,823,116
\$	(1,749,882)	\$	1,523,141	\$	(1,265,323)	\$	(2,254,572)	\$	(4,850,684)	\$	(1,443,997)
\$	1,549,848	\$	80,000	\$	428,097	\$	1,490,945	\$	2,778,618	\$	3,661,588
	(1,718,407)		(874,682)		(524,997)		(1,574,135)		(2,888,233)		(3,804,978)
	-		-		-		5,875,000		-		14,830,000
	-		-		-		615,955		-		847,865
	-		-		-		-		-		(8,005,000)
\$	(168,559)	\$	(794,682)	\$	(96,900)	\$	6,407,765	\$	(109,615)	\$	7,529,475
\$	(1,918,441)	\$	728,459	\$	(1,362,223)	\$	4,153,193	\$	(4,960,299)	\$	6,085,478
	7.78%		7.97%		7.43%		7.27%		7.65%		13.26%

COUNTY OF SURRY, VIRGINIA
Principal Real Property Taxpayers
Current and Nine Years Ago

Table 5

Taxpayer	2021			2012		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (2)	Percentage of Total Assessed Valuation
Dominion Virginia Power	1	\$ 2,021,240,719	67.15%	1	\$ 1,645,403,293	64.60%
Swann's Point Plantation LLC et al	3	22,608,300	0.75%			0.00%
Spring Grove Solar LLC	2	31,497,400	1.05%			
Beechland/Alliance Farms et al	4	11,252,400	0.37%	9	5,789,500	0.23%
Wanro LLC et al	5	10,987,300	0.37%	2	11,122,800	0.44%
Timbervest Partners (III) of Virginia LLC	6	8,989,700	0.30%			0.00%
Prince George Electric Cooperative	7	9,994,252	0.33%	6	8,492,449	0.33%
Murphy Brown LLC/Smithfield Hog Production	8	8,306,400	0.28%	5	8,813,100	0.35%
John Hancock Mutual Life Insurance Company	9	7,101,500	0.24%			0.00%
Windsor Mill	10	5,736,500	0.19%	11	4,764,500	0.19%
Andrew Acres LLC et al	11	4,688,800	0.16%			0.00%
Brandon & Brandon LLC/Sussex Surry LLC/Brandon	12	3,914,000	0.13%			0.00%
Verizon South Inc.	13	3,221,635	0.11%	10	4,764,500	0.19%
Grayland/Gray Lumber Company			0.00%	8	6,066,800	0.24%
Spring Grove Land Association			0.00%	15	3,276,800	0.13%
Commonwealth Forest Investment			0.00%	16	3,209,800	0.13%
Smithfield-Carrolls Farms			0.00%			0.00%
Alpha Forest Association			0.00%	7	6,165,600	0.24%
Schorsch, Nicholas			0.00%	3	9,789,600	0.38%
Sussex Surry LLC			0.00%	12	4,522,700	0.18%
Swann's Point Farm LLC			0.00%	4	8,971,800	0.35%
Chippokes Estates at Cobham Bay, LLC			0.00%	14	3,426,400	0.13%
Four Mile Tree LLC			0.00%	13	4,032,500	0.16%
		<u>\$ 2,149,538,906</u>	<u>71.41%</u>		<u>\$ 1,738,612,142</u>	<u>68.26%</u>
Total Assessed Valuation of RE		<u>\$ 3,010,213,454</u>	<u>100.00%</u>		<u>\$ 2,547,135,350</u>	<u>100.00%</u>

Notes:

(1) 2021 Real Estate Assessments.

(2) 2012 Real Estate Assessments.

COUNTY OF SURRY, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 6

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collections within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy				Amount (2)	Percentage of Levy
2021	\$ 22,910,330	\$ 22,617,499	98.72%	\$ -	22,910,330	\$ -	22,617,499	98.72%
2020	22,050,583	21,635,774	98.12%	-	22,050,583	\$ -	21,635,774	98.12%
2019	21,468,868	21,132,164	98.43%	-	21,468,868	\$ -	21,132,164	98.43%
2018	21,954,582	21,554,346	98.18%	-	21,954,582	-	21,554,346	98.18%
2017	22,454,884	21,909,904	97.57%	-	22,454,884	-	21,909,904	97.57%
2016	21,650,045	20,775,506	95.96%	-	21,650,045	-	20,775,506	95.96%
2015	20,874,695	20,472,352	98.07%	-	20,874,695	-	20,472,352	98.07%
2014	21,112,323	20,890,125	98.95%	-	21,112,323	-	20,890,125	98.95%
2013	20,979,443	20,761,624	98.96%	-	20,979,443	-	20,761,624	98.96%
2012	20,588,020	19,790,059	96.12%	(3,640)	20,584,380	731,261	20,521,320	99.68%

Notes:

- (1) Commissioner of the Revenue
- (2) Exclusive of Penalties and Interest

COUNTY OF SURRY, VIRGINIA
Assessed and Estimated Actual Value of Real Property
Last Ten Fiscal Years

Table 7

Tax Year	Residential/ Agricultural Property (3)	Commercial Property (3)	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Taxable Value
2021	\$ 929,841,600	\$ 35,157,400	\$ 964,999,000	\$ 0.77	\$ 964,999,000	100.00% (2)
2020	926,215,300	34,778,200	960,993,500	0.71	960,993,500	100.00% (2)
2019	914,088,000	35,866,600	949,954,600	0.71	949,954,600	100.00% (2)
2018	892,809,300	34,673,900	927,483,200	0.71	927,483,200	100.00% (2)
2017	888,941,000	34,205,000	923,146,000	0.71	923,146,000	100.00% (2)
2016	883,676,800	34,266,700	917,943,500	0.71	917,943,500	100.00% (2)
2015	857,689,600	33,269,100	890,958,700	0.73	890,958,700	100.00% (2)
2014	852,448,300	33,431,600	885,879,900	0.73	885,879,900	100.00% (2)
2013	850,646,000	34,078,200	884,724,200	0.73	884,724,200	100.00% (2)
2012	844,458,700	33,911,900	878,370,600	0.73	878,370,600	100.00% (2)

Notes:

- (1) Estimated value of real estate based on sales ratio percentage for the corresponding tax years as computed by the Virginia Department of Taxation.
- (2) Tax rate per \$100 of assessed value.
- (3) Real estate assessment information provided by the commissioner of the revenue.

COUNTY OF SURRY, VIRGINIA

Table 8

Assessed Value of Taxable Property Other than Real Property
Last Ten Fiscal Years

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2021	\$ 60,515,225	\$ 2,431,696	\$ 1,135	\$ 2,049,700,758	\$ 2,112,648,814
2020	59,678,167	2,813,507	1,260	1,935,274,114	1,997,767,048
2019	56,830,130	2,255,765	1,400	1,892,813,173	1,951,900,468
2018	54,401,525	2,366,490	4,005	1,927,140,899	1,983,912,919
2017	53,527,229	2,876,946	4,450	1,937,479,967	1,993,888,592
2016	51,381,116	2,228,648	4,945	1,785,663,243	1,839,277,952
2015	50,593,919	2,246,971	6,780	1,807,206,155	1,860,053,825
2014	49,970,173	2,192,651	7,535	1,824,746,203	1,876,916,562
2013	50,293,488	1,733,938	13,295	1,783,632,381	1,835,673,102
2012	50,829,529	1,720,460	14,770	1,671,151,050	1,723,715,809

Notes:

(1) Assessed value information provided by the Commissioner of Revenue.

(2) Public Service Corporation property assessments performed by the State Corporation Commission.

(3) Includes Real Estate.

Public Service includes the Dominion VEPCO supplement.

COUNTY OF SURRY, VIRGINIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities	Summary Totals		
	General Obligation Bonds	Capital Lease Obligations	Lease Revenue Bonds Payable	Bank Loans Payable	Revenue Bonds Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita Personal Income (1)
2021	\$ 1,582,872	\$ -	\$ 24,095,460	\$ -	\$ -	\$ 25,678,332	**	N/A
2020	1,736,356	-	18,562,319	-	-	20,298,675	6.63%	\$ 46,641
2019	1,884,841	-	19,845,387	-	-	21,730,228	7.58%	44,647
2018	2,023,325	-	14,526,873	-	-	16,550,198	5.51%	46,413
2017	2,153,325	-	15,768,196	-	-	17,921,521	6.46%	42,427
2016	2,285,293	-	16,989,454	-	597,742	19,872,489	7.54%	41,337
2015	2,403,777	-	18,191,382	-	662,613	21,257,772	7.75%	40,509
2014	2,517,261	-	1,029,050	12,200,000	725,452	16,471,763	6.43%	38,374
2013	2,665,745	-	1,238,152	12,805,000	786,326	17,495,223	7.18%	37,916
2012	2,804,229	-	1,440,621	13,390,000	845,297	18,480,147	7.56%	37,391

Notes:

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Population data & estimates for 2008 through 2016, and personal income and per capital personal income data for 2008 through 2016 were obtained from the Bureau of Economic Analysis.

** Information not available.

COUNTY OF SURRY, VIRGINIA
Ratio of Outstanding General Bonded Debt
Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Bonds	Lease Revenue Bond Payable	Total General Bonded Debt	General Bonded Debt Per Capita	Percent of General Bonded Debt to Assessed Real Property Value
2021	\$ 1,582,872	\$ 24,095,460	\$ 25,678,332	**	**
2020	1,736,356	18,562,319	20,298,675	3,094	2.11%
2019	1,884,841	19,845,387	21,730,228	3,384	2.29%
2018	2,023,325	14,526,873	16,550,198	2,556	1.78%
2017	2,153,325	15,768,196	17,921,521	2,740	1.94%
2016	2,285,293	16,989,454	19,274,747	2,934	2.10%
2015	2,403,777	18,191,382	20,595,159	3,088	2.31%
2014	2,517,261	1,029,050	3,546,311	523	0.40%
2013	2,665,745	1,238,152	3,903,897	575	0.44%
2012	2,804,229	1,440,621	4,244,850	621	0.48%

Notes

Details regarding the County's outstanding debt can be found in the notes to the financial statements.

Property value data can be found in Table 7.

Population data can be found in Table 11.

** Information is unavailable.

COUNTY OF SURRY, VIRGINIA
Demographic and Economic Statistics
Last Ten Years

Table 11

Fiscal Year	(3) Population	(1) Per Capita Income	(1) Total Personal Income	(2) School Enrollment	(3) Unemployment Rate %
2021	**	**	**	628	3.8%
2020	6,561	\$ 46,641	\$ 306,014,000	693	7.5%
2019	6,422	44,647	286,722,000	715	3.9%
2018	6,474	46,413	300,479,000	729	3.9%
2017	6,540	42,427	277,471,000	826	4.8%
2016	6,570	40,139	263,711,000	837	5.3%
2015	6,670	41,141	274,412,000	867	5.1%
2014	6,781	37,750	255,985,000	934	6.7%
2013	6,788	35,877	243,534,000	902	7.3%
2012	6,839	35,743	244,447,000	928	8.0%

Notes: (1) Bureau of Economic Analysis

(2) Virginia Department of Education

(3) Virginia Labor Market Information (LMI)

3.6%

**Information Unavailable

COUNTY OF SURRY, VIRGINIA
Principal Employers
Current Year and Nine Years Ago

Table 12

Employer	Fiscal Year 2021			Fiscal Year 2012	
	Employees	Rank	% of Total Employment	Employees	Rank
Dominion Virginia Power	500-999	1	39.89%	500-999	1
Surry County School Board	250-499	2	19.95%	250-499	2
Surry County	100-249	3	9.31%	50-99	4
Virginia Department of Transportation	50-99	4	3.99%	50-99	5
Brock Services LLC	50-99	5	3.99%		
Windsor Mill	50-99	6	3.99%	20-49	7
The Atlantic Group Inc.	50-99	7	3.99%	100-249	3
The Surry Seafood Company	20-49	8	1.86%		
Dominion Resources	20-49	9	1.86%	20-49	9
Coggin Electric Specialists	20-49	10	1.86%		
Surry County Department of Social Services	20-49	11	1.86%	20-49	10
Mears Group, Inc	20-49	12	1.86%		
Virginia Department of Conservation	20-49	13	1.86%		
Seward Lumber Company Inc.	10-19	14	1.86%	20-49	12
Glen Court	10-19	15	1.86%		
Barlett Nuclear				20-49	8
S.W. Edwards and Sons				20-49	6
Fluor Daniel Services Corporation				20-49	11

Source: Virginia Employment Commission

Full-Time Equivalent County Government Employees by Function/Program
Last Ten Fiscal Years

	Full-Time Equivalent Employees as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government:										
County Administration	4.0	4.0	3.3	3.9	3.9	3.9	4.0	4.0	4.0	4.0
Commissioner of the Revenue	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.7	3.6	4.3
Treasurer	3.7	3.7	3.7	3.7	4.0	4.0	4.6	5.2	4.5	4.9
Finance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
Information Technologies	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar	1.6	1.6	1.6	1.6	1.6	1.6	1.4	1.4	1.8	1.6
Total General Government	16.5	16.5	15.8	15.4	15.7	15.7	16.2	17.3	16.9	18.8
Judicial Administration:										
Clerk of the Circuit Court	3.4	3.4	3.4	3.4	3.3	3.3	3.5	3.3	3.6	3.0
General District Court	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.0	2.0	2.0
Victim Witness	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5	0.5
Commonwealth Attorney	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5
Total Judicial Administration	8.7	8.7	8.7	8.7	8.6	8.6	7.5	7.3	7.6	7.0
Public Safety:										
Sheriff's Office	28.3	27.3	27.3	27.3	26.3	26.3	24.4	22.1	25.2	22.5
Fire and Emergency Services	3.0	3.0	3.0	3.0	3.0	3.0	2.1	2.1	2.1	2.0
Animal Control	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	1.0
Total Public Safety	34.3	33.3	33.3	33.3	32.3	32.3	29.5	26.2	29.3	24.5
Public Works:										
Sanitation	12.1	13.4	14.4	14.4	14.4	12.7	10.0	4.4	14.7	13.0
Maintenance	7.0	6.0	4.7	4.7	4.7	4.7	5.0	5.6	5.0	5.0
Total Public Works	19.1	19.4	19.1	19.1	19.1	17.4	15.0	10.0	19.7	18.0
Office on Youth:										
Office on Youth	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6	5.1	7.0
Total Office on Youth	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6	5.1	7.0
Health and Welfare:										
Social Services	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Total Health and Welfare	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Parks, Recreation and Cultural										
Parks and Recreation	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0	6.0	7.0
Total Parks, Recreation and Cultural	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0	6.0	7.0
Community Development										
Planning/Environmental/Permitting	5.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	5.0	5.0
Economic Development	4.4	1.5	2.0	0.1	0.1	0.1	N/A	N/A	N/A	N/A
Tourism	0.0	1.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Building Inspections	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Extension	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	5.0	4.0
Total Community Development	14.4	12.1	11.0	9.1	9.1	9.1	9.0	10.0	12.0	11.0
Total	126.0	125.4	123.3	121.0	120.2	118.5	111.2	104.4	119.6	116.3

Source: Payroll Clerk

COUNTY OF SURRY, VIRGINIA
Operating Indicators by Function
Last Ten Fiscal Years (where available)

Table 14

		Fiscal Year									
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety (1)	Number of calls answered	295	239	331	318	189	321	276	267	332	312
Community Development (2)	Residential building permits	295	233	307	219	217	255	208	172	87	75
	Commercial building permits	5	2	2	5	3	2	7	8	4	3
Parks & Recreation (3)	Program participants	986	14,592	20,150	20,144	19,850	19,850	18,500	18,500	18,123	17,822
Sewer (4)	Service connections	N/A	N/A	N/A	N/A	N/A	141	155	139	141	140
	Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120	13,047	13,747

Sources:

- (1) County Fire Departments
- (2) Building Official's Office
- (3) Parks and Recreation Department
- (4) Finance Department

Note: The wastewater system was transferred to Hampton Roads Sanitation District (HRSD) in FY2017-18.

COUNTY OF SURRY, VIRGINIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 15

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sheriff's Office (1)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Physical arrests	173	155	170	170	170	164	144	166	223	164
Patrol units	15	14	14	14	14	14	13	14	20	16
Volunteer Fire Departments (2)										
Companies	4	4	4	4	4	4	4	4	4	4
Stations	4	4	4	4	4	4	4	4	4	4
Parks and Recreation (3)										
Community Centers	1	1	1	1	1	1	1	1	1	1
Number of parks maintained	1	1	1	1	1	1	1	1	1	1
Park acreage owned by the County	100	100	100	100	100	100	100	100	100	100
Baseball/softball fields	2	2	2	2	2	2	2	2	2	2
T-ball fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	5	5	5	5	5	5	5	5	5	5
Basketball courts	3	3	3	3	3	3	3	2	2	2
Library (4)										
Number of libraries	2	2	2	2	2	2	2	2	2	2
Public Utilities (4)										
Wastewater System										
Service connections	N/A	N/A	N/A	N/A	N/A	141	155	139	141	140
Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120	13,047	13,747
Miles of sewer main	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Component Unit - School Board (5)										
Number of elementary schools	1	1	1	1	1	1	1	1	1	1
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of secondary schools	1	1	1	1	1	1	1	1	1	1
Number of school buses	40	42	40	35	38	35	33	35	39	36

- Source (1) Sheriff's Office
(2) County Fire Departments
(3) Parks & Recreation Department
(4) Finance Department
(5) School Board Office

Note:

The wastewater system was transferred to Hampton Roads Sanitation District (HRSD) in FY2017-18.

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

**To the Honorable Members of the Board of Supervisors
County of Surry
Surry, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of Surry, Virginia's basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a long horizontal line.

Richmond, Virginia
December 3, 2021

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

To the Honorable Members of the Board of Supervisors
County of Surry
Surry, Virginia

Report on Compliance for Each Major Federal Program

We have audited County of Surry, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Surry, Virginia's major federal programs for the year ended June 30, 2021. County of Surry, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Surry, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "D. Frick", followed by a long horizontal line.

Richmond, Virginia
December 3, 2021

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
<i>Department of Education:</i>			
Temporary Assistance for Needy Families	93.558	0400120/0400121	\$ 14,901
<i>Department of Social Services:</i>			
Temporary Assistance for Needy Families	93.558	0400120/0400121	134,295
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950120/0950121	\$ 149,196
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500120/0500121	7,500
Low-Income Home Energy Assistance	93.568	0600420/0600421	291
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760120/0760121	21,523
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900120/0900121	28,215
Foster Care - Title IV-E	93.658	1100120/1100121	82
Adoption Assistance	93.659	1120120/1120121	92,549
Social Services Block Grant	93.667	1000120/1000121	14,247
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150120/9150121	166,477
Children's Health Insurance Program	93.767	0540120/0540121	1,358
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121	2,197
			200,302
Total Department of Health and Human Services			\$ 683,937
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 2,370
Pass Through Payments:			
<i>Department of Criminal Justice Service:</i>			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	Unavailable	\$ 37,124
Crime Victim Assistance	16.575	Unavailable	49,430
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	3,700
Total Department of Justice - pass-through			\$ 90,254
Total Department of Justice			\$ 92,624
Department of Transportation:			
Pass Through Payments:			
<i>Department of Transportation:</i>			
State and Community Highway Safety (Highway Safety Cluster)	20.600	Unavailable	\$ 8,208
Department of the Defense:			
Direct Payments:			
Junior ROTC	12.xxx	N/A	\$ 66,713
Department of Agriculture:			
Pass Through Payments:			
<i>Department of Agriculture:</i>			
Food Distribution - Summer Feeding Program (Child Nutrition Cluster)	10.559	Unavailable	\$ 753
<i>Department of Education:</i>			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unavailable	
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unavailable	71,842
<i>Department of Health:</i>			
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unavailable	226,824
<i>Department of Agriculture:</i>			
Food Distribution - National School Lunch Program (Child Nutrition Cluster)	10.555	Unavailable	\$ 17,995
Total Child Nutrition Cluster			\$ 317,414
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/ 90103	\$ 273,683
Total Department of Agriculture			\$ 591,097

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass Through Payments:			
<i>Department of Accounts:</i>			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	\$ 999,469
<i>Department of Education:</i>			
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	SLT0022	<u>118,633</u> <u>\$ 1,118,102</u>
U.S Election Assistance Commission:			
Pass Through Payments:			
Department of Elections:			
COVID-19 - HAVA Election Security Grants	90.404	Unavailable	<u>\$ 38,474</u>
Department of Education:			
Pass Through Payments:			
<i>Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	17901- 42901	\$ 45,434
Special Education - Grants to States (Special Education Cluster)	84.027	17901- 43071	174,086
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901- 62521	4,527
	Total Special Education Cluster		<u>\$ 178,613</u>
Career and Technical Education - Basic Grants to States	84.048	17901- 61095	\$ 25,507
Twenty-First Century Community Learning Centers	84.287	17901- 60565	128,675
Rural Education	84.358	Unavailable	30,001
Student Support and Academic Enrichment Program	84.424	17901 - 60281	28,044
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Unavailable	<u>130,180</u>
Total Department of Education			<u>\$ 566,454</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,165,609</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Surry, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Surry, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the County of Surry, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Surry, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C - Food Donation

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

Note D - Subrecipients

No awards were passed through to subrecipients.

Note E - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note F - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 2,081,867
Total primary government	<u>\$ 2,081,867</u>

Component Unit School Board:

School Operating Fund	\$ 766,701
School Cafeteria Fund	317,414
Total component unit school board	<u>\$ 1,084,115</u>

Total federal expenditures per basic financial statements	\$ 3,165,982
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Less: Payment in Lieu of Taxes	<u>373</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,165,609</u></u>
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County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ _____ no

Significant deficiency(ies) identified?

_____ yes ✓ _____ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ✓ _____ no

Significant deficiency(ies) identified?

_____ yes ✓ _____ 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)?

_____ yes ✓ _____ no

Identification of major programs:

Assistance Listing Number(s)
21.019

Name of Federal Program or Cluster
Coronavirus Relief Fund

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ _____ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**County of Surry, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021**

There were no prior year findings.