



Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2022

Prepared by the Department of Finance

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Cover: The Surry County Visitors Center opened in March 2022. The original circuit court clerk's office on Church Street was constructed around 1826 and housed the county's records until 1895. After that time it has housed many local organizations and county offices, including the Surry Calvary, the Surry Chapter of the United Daughters of the Confederacy, the formerly named welfare office and the planning department. Photo by: Pat Bernshausen

COUNTY OF SURRY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

COUNTY OF SURRY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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COUNTY OF SURRY, VIRGINIA

AS OF JUNE 30, 2022

Board of Supervisors

Judy S. Lyttle, Chairperson

Timothy Calhoun
Michael H. Drewry

Robert Elliott
Ronald Howell, Jr.

Social Services Board

Eunice Gay, Chairperson

Elva Clayton
Honorable Judy S. Lyttle
Eliza Drew

Glenn Slade
Linda B. Ellis

County School Board

Dr. Marion H. Wilkins, Chairperson

Elsie M. Dennis
Valencia Jones Williams

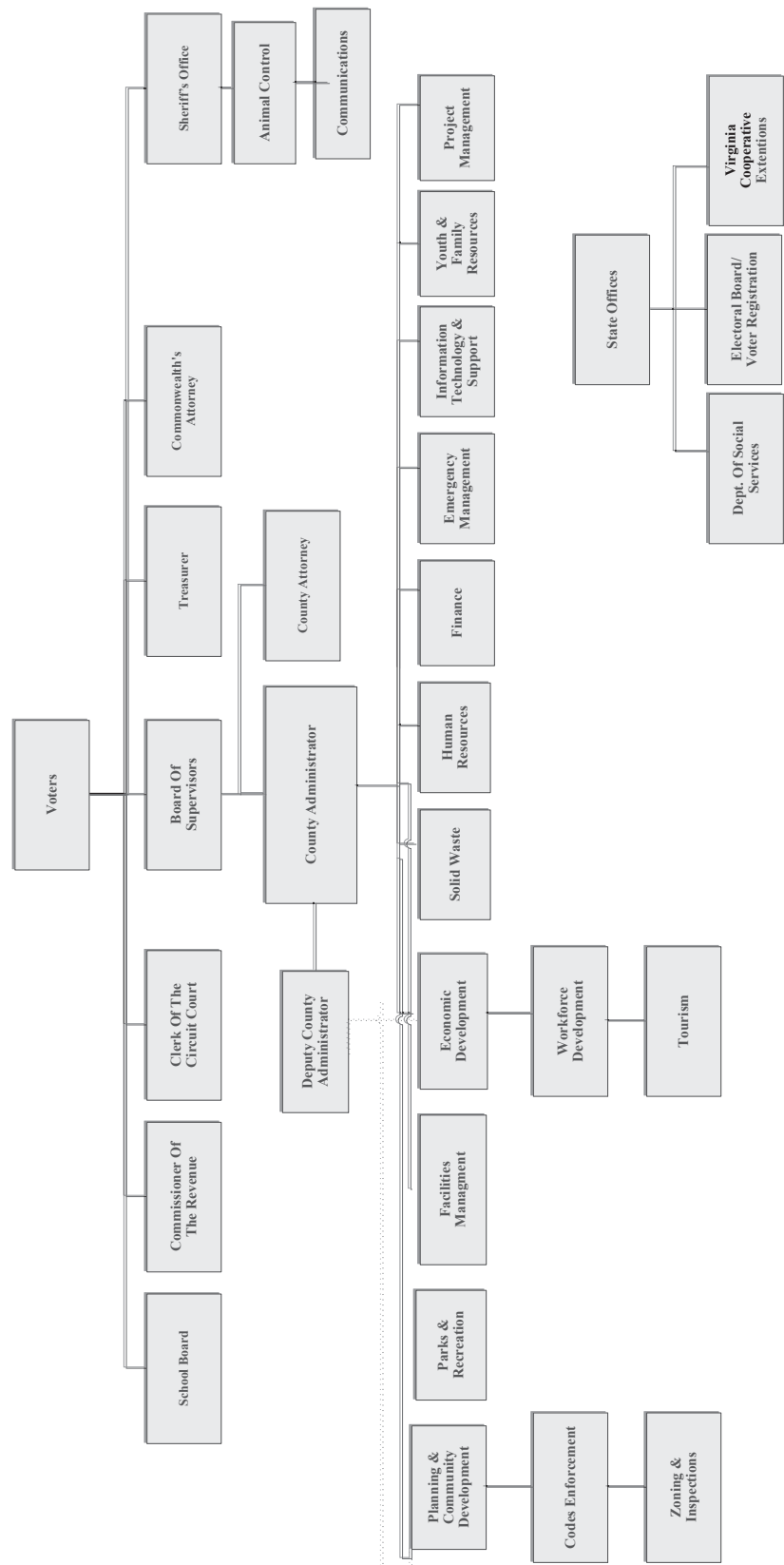
Faye C. Perkins
Laura P. Ruffin

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
Elbert D. Mumphery
Jacqueline R. Waymack
William H. Hefty

Surry County, Virginia Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Surry County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

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

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Email: cswindell@surrycountyva.gov

December 8, 2022

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

Members of the Board:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Surry County (the "County") for the fiscal year ended June 30, 2022. 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, 2022 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, 2022 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 2021 estimated population of 6,530. 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 has significantly decreased to 3.2% in June 2022 from its 2021 level of 4.4%. The rate is usually consistent with the U.S. rate and slightly higher than the Virginia rate, all of which increased due to the economic impacts of COVID-19. These larger employers include a nuclear power plant, state & local government, construction and manufacturing.

Forty-four percent of the County's workforce is between the ages of 45 and 64. Forty-two 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, retail trade, professional, scientific and technical services, educational services and construction. Declining occupations appear to be in the areas of manufacturing and utilities.

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 FY2021-22, the County continued its partnership with Prince George Electric Cooperative Enterprises, DBA as Ruralband to connect residents to broadband under the Ruralband initiative. At the end of June 30, 2022, Ruralband had reached over 1,500 residential users and 42 businesses.

Enterprise Resource Planning (ERP) Software Upgrade - The aged legacy financial system is being replaced with a new, state of the art system that will leverage current technology and make financial and other processes more efficient. The current system was implemented in 1999. The project will be completed over multiple years. The estimated \$1.0 million project funding source is general fund balance.

Public Safety Radio Communication System: The County contracted with Motorola Solutions, Inc. for a new Public Safety Radio Communication System to serve all public safety and emergency

services to include fire and rescue, sheriff, first responders and the school division. The project cost of \$5.3 million, to include 10 years maintenance cost, was debt financed.

Investments in Major Equipment & Infrastructure: Funding was included in the CIP to address deferred maintenance and replacement of the County's infrastructure and capital assets, including fire apparatus, public safety and other vehicles, roof repair and HVAC replacements.

ARPA Funding- The President signed the American Rescue Plan Act (ARPA) in March of 2021. Surry County was awarded \$1.24 million in ARPA Local Fiscal Recovery Funds through the Virginia Department of Treasury. The County is required to use these funds to address costs incurred due to the COVID-19 public health emergency. The County has a deadline of December 31, 2024 to obligate the funds, and has until December 31, 2026 to fully expend the funds. To date, the County has spent or obligated funds on technology improvements, businesses assistance grants, tourism promotion, community improvement, and covid/public safety related expenses.

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:

- The County received a \$3.2 million Federal Infrastructure Grant with the support of the late Congressman Donald McEachin. Along with local funds, the funds will be used to upgrade the School System's well and connect it to the County's water system. This will vastly improve the county's economic vitality and attractiveness for growth opportunities.
- 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 local market to address food insecurity.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. 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 nine years (fiscal years ended 2012-2021). We believe that the current Annual Comprehensive 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.

The County submitted its shared building inspections program with Sussex County to the Virginia Association of Counties Achievement Award Program for consideration to recognize the county's collaborative and innovative solution for enhancing governmental services.

The County receive its first award from the Virginia Economic Development Association for its broadband partnership with Prince George Electric and Dominion Energy. Surry County is recognized as a model rural community for having broadband available to every home in the County.

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



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 the County of Surry, Virginia, as of and for the year ended June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Surry, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 22 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*; 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*; and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

Required Supplementary Information

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

Required Supplementary Information (Continued)

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 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, 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.



Richmond, Virginia
December 8, 2022

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, 2022. 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, 2022 exceeded liabilities and deferred inflows of resources by \$24.4 million, while business assets exceeded liabilities by \$3.6 million. The following table provides comparative information on the County's net position as of June 30, 2022 and June 30, 2021.

County of Surry, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 26,733,670	\$ 26,097,590	\$ 60,294	\$ 33,457	\$ 26,793,964	\$ 26,131,047
Capital assets	26,350,786	26,798,651	3,601,514	3,711,920	29,952,300	30,510,571
Total assets	\$ 53,084,456	\$ 52,896,241	\$ 3,661,808	\$ 3,745,377	\$ 56,746,264	\$ 56,641,618
Pension related items	\$ 1,459,095	\$ 1,915,049	\$ -	\$ -	\$ 1,459,095	\$ 1,915,049
OPEB related items	82,908	97,184	-	-	82,908	97,184
Total deferred outflows of revenue	\$ 1,542,003	\$ 2,012,233	\$ -	\$ -	\$ 1,542,003	\$ 2,012,233
Current liabilities	\$ 1,213,293	\$ 1,107,963	\$ 14,474	\$ 15,349	\$ 1,227,767	\$ 1,106,451
Long-term liabilities:						
Due within one year	1,612,429	1,551,934	-	-	1,612,429	1,551,934
Due in more than one year	24,489,008	29,343,949	-	-	24,489,008	29,343,949
Total liabilities	\$ 27,314,730	\$ 32,003,846	\$ 14,474	\$ 15,349	\$ 27,329,204	\$ 32,019,195
Deferred revenue-property taxes	\$ 26,300	\$ 31,559	\$ -	\$ -	\$ 26,300	\$ 31,559
Lease related items	207,217	-	-	-	207,217	-
Pension related items	2,489,400	-	-	-	2,489,400	-
OPEB related items	119,431	31,581	-	-	119,431	31,581
Total deferred inflow of resources	\$ 2,842,348	\$ 63,140	\$ -	\$ -	\$ 2,842,348	\$ 63,140
Net investment in capital assets	\$ 15,815,687	\$ 14,515,163	\$ 3,601,514	\$ 3,711,920	\$ 19,417,201	\$ 18,227,083
Unrestricted	8,653,694	8,326,325	45,820	18,108	8,699,514	8,344,433
Total net position	\$ 24,469,381	\$ 22,841,488	\$ 3,647,334	\$ 3,730,028	\$ 28,116,715	\$ 26,571,516

Unrestricted net position of governmental activities account for \$8.6 million or 35.2% 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

County of Surry, Virginia's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	Totals
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 472,102	\$ 341,035	\$ 69,624	\$ 50,038	\$ 541,726	\$ 391,073
Operating grants and contributions	3,192,620	3,929,094	-	-	3,192,620	3,929,094
Capital grants and contributions	1,535,956	950,313	-	-	1,535,956	950,313
General revenues:						
General property taxes	24,591,548	22,939,954	-	-	24,591,548	22,939,954
Other local taxes	1,445,077	1,057,335	-	-	1,445,077	1,057,335
Grants and other contributions not restricted	762,090	787,825	-	154,853	762,090	942,678
Other general revenues	499,680	1,116,747			499,680	1,116,747
Total revenues	\$ 32,499,073	\$ 31,122,303	\$ 69,624	\$ 204,891	\$ 32,568,697	\$ 31,327,194
Expenses:						
General government administration	\$ 3,217,674	\$ 2,999,747	\$ -	\$ -	\$ 3,217,674	\$ 2,999,747
Judicial administration	1,039,743	1,112,591	-	-	1,039,743	1,112,591
Public safety	4,333,212	3,816,148	-	-	4,333,212	3,816,148
Public works	1,675,724	1,911,937	289,489	278,972	1,965,213	2,190,909
Health and welfare	2,958,383	3,727,137	-	-	2,958,383	3,727,137
Education	12,616,856	12,094,027	-	-	12,616,856	12,094,027
Parks, recreation, and cultural	574,238	646,076	-	-	574,238	646,076
Community development	3,774,168	3,778,239	-	-	3,774,168	3,778,239
Interest and other fiscal charges	544,011	1,185,422	-	-	544,011	1,185,422
Total expenses	\$ 30,734,009	\$ 31,271,324	\$ 289,489	\$ 278,972	\$ 31,023,498	\$ 31,550,296
Transfers	\$ (137,171)	\$ (143,390)	\$ 137,171	\$ 143,390	\$ -	\$ -
Change in net position	\$ 1,627,893	\$ (292,411)	\$ (82,694)	\$ 69,309	\$ 1,545,199	\$ (223,102)
Net position, beginning of year	22,841,488	23,133,899	3,730,028	3,660,719	26,571,516	26,794,618
Net position, end of year	\$ 24,469,381	\$ 22,841,488	\$ 3,647,334	\$ 3,730,028	\$ 28,116,715	\$ 26,571,516

The *Statement of Activities* illustrates the general revenue sources that support the various governmental operations. Governmental activities increased the County's net position by \$1.6 million, from \$22.8 million at June 30, 2021 to \$24.4 million at June 30, 2022. Key factors associated with the increase in net position include:

- General property taxes increased by \$1.7M or 7% from FY21 to FY22. This increase is due in part to an increase in the real estate tax rate for FY22.
- Other local taxes increased by \$387,742 or 37%, primarily due to a large increase in local sales tax revenue.
- Charges for services increased by \$131,067 or 38%, This increase was driven by a resumption of user activity post-COVID and a new charge for shared services with the County of Sussex.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total expenses decreased by \$537,315 or 2%, mostly due to a decrease in interest and other fiscal charges.

In FY22 the net position of the County's business-type activities decreased, from \$3.7 million in FY2021 to \$3.6 million. This increase is primarily attributed to an increase in accumulated depreciation. 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 \$30.9 million for the fiscal year ended June 30, 2022. General Fund revenue increased 4.51%, or \$1.33 million, in FY22. General property taxes, the largest source of revenue, were \$24.66 million, including public service corporation taxes (\$15.38 million), real estate taxes (\$7.31 million) and personal property taxes (\$1.83 million). Approximately 80% 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 \$1,445,077 in FY22. This amount represented an increase of \$387,742, or 36.67% from the previous year. This increase was primarily due to an increase in local sales tax revenue.

Revenue Classified by Source - General Fund						
	June 30, 2022		June 30, 2021		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Property Taxes	\$24,650,281	79.78%	\$23,138,148	78.26%	\$1,512,133	6.54%
Other Local Taxes	1,445,077	4.68%	1,057,335	3.58%	387,742	36.67%
Permits, Fees & Regulatory Licenses	185,901	0.60%	79,962	0.27%	105,939	132.49%
Fines & Forfeitures	42,752	0.14%	35,900	0.12%	6,852	19.09%
Revenue from Use of Money & Property	159,770	0.52%	137,296	0.46%	22,474	16.37%
Charges for Services	243,449	0.79%	225,173	0.76%	18,276	8.12%
Miscellaneous	221,791	0.72%	145,039	0.49%	76,752	52.92%
Recovered Costs	65,545	0.21%	58,622	0.20%	6,923	11.81%
Intergovernmental:						
Commonwealth	2,762,364	8.94%	2,606,002	8.81%	156,362	6.00%
Federal	1,121,992	3.63%	2,081,867	7.04%	-959,875	-46.11%
Total Revenues	\$30,898,922	100.00%	\$29,565,344	100.00%	\$1,333,578	4.51%

Intergovernmental revenues allocated by the state and federal governments totaled \$3.9 million during FY22, which reflects a decrease of \$803,513 or 17.1%. Revenue from the commonwealth and the federal government for non-categorical aid decreased by \$1,071,752 or 58.4% in FY22. This decrease is primarily due the elimination of 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) increased by \$112,959, or 11%, while the other categorical aid consisting of welfare administration, children's services act and federal & state grants increased by \$155,280 or 8.5%. This increase was primarily due to increases in support of welfare and children's services costs.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Expenditure Analysis

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

	Expenditures by Function - General Fund					
	June 30, 2022		June 30, 2021		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government Administration	\$2,658,554	9.54%	\$2,030,298	7.21%	\$628,256	30.94%
Judicial Administration	747,537	2.68%	707,203	2.51%	40,334	5.70%
Public Safety	3,807,481	13.66%	3,557,728	12.64%	249,753	7.02%
Public Works	1,596,296	5.73%	1,650,682	5.86%	-54,386	-3.29%
Health & Welfare	3,024,030	10.85%	3,573,667	12.69%	-549,637	-15.38%
Education	12,429,222	44.61%	11,926,855	42.37%	502,367	4.21%
Parks, Recreation & Cultural	468,228	1.68%	515,986	1.83%	-47,758	-9.26%
Community Development	851,757	3.06%	681,520	2.42%	170,237	24.98%
Capital Projects	-	0.00%	-	0.00%	-	N/A
Debt Service: Principal Retirement	1,510,000	5.42%	1,225,000	4.35%	285,000	23.27%
Debt Service: Interest Retirement	770,040	2.76%	2,282,753	8.11%	-1,512,713	-66.27%
Total Expenditures	\$27,863,145	100.00%	\$28,151,692	100.00%	(\$288,547)	-1.02%

The County's total General Fund expenditures of \$27.9 million for the fiscal year ended June 30, 2022 covered a wide range of services, with 44.61% or \$12.43 million for education (payments to the School System, a component unit), 13.66% or \$3.8 million for public safety, 10.85% or \$3.0 million for health and welfare services, 8.18% or \$2.28 million to retire existing debt service, 9.54% or \$2.66 million related to general government administration, and 5.73% or \$1.6 million for public works. The remaining 7.42% includes expenditures 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 \$8.6 million in unrestricted net position 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 and School Fund appropriated expenditures (net of transfers), and the Board of Supervisors also commits fund balance for various purposes throughout the year. At June 30, 2022, the committed fund balance was \$12,313,115, and the unassigned fund balance was \$7,007,349 of the total fund balance.

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

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The FY22 capital expenditures totaled \$3,658,960, including these projects:

- Broadband grant - \$2,281,150, or 62.3%
- New fire apparatus - \$548,763, or 15%
- Vehicle replacement - \$337,254, or 9.2%
- Major maintenance projects - \$235,517, or 6.4%
- New public safety radio system - \$45,286, or 1.2%
- Miscellaneous other projects -- \$210,990, or 5.8%.

General Fund Budgetary Highlights

Surry County has consistently taken a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. FY22 had General Fund operating expenditures of \$1,404,747 below the revised budget. The County's budget was amended during the year to reflect grants, carryover of unspent appropriations from FY21 and other unanticipated revenues. The difference between the original adopted budget and the amended budget was \$245,777 or 0.85%.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2022 totaled \$26.4 million (net of accumulated depreciation). This represents a net decrease of \$0.48 million, due primarily to asset disposal. 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 \$22.12 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 \$1.42 million of the total outstanding general obligation bonds of the governmental activities.

During the current fiscal year, the County's total debt decreased by \$4.51 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, 2022 was 3.1%, a decrease of 0.7.% from the same period last year. Generally, the County's unemployment rate remains slightly above the state's average.
- The FY23 operating budget for all funds is \$55.79 million (including transfers to other funds), an increase of 9.4% from the FY22 adopted budget. The FY23 Capital budget is \$7.24 million, an increase of 176.3% from the FY22 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 2022, the real property tax rate was \$0.77 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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 10,669,603	\$ 48,826	\$ 10,718,429	\$ 1,685,695	\$ 551,375
Receivables (net of allowance for uncollectibles):					
Taxes receivable	331,544	-	331,544	-	-
Accounts receivable	64,448	11,468	75,916	-	-
Lease receivable	211,844	-	211,844	-	-
Due from other governmental units	2,035,242	-	2,035,242	1,573,788	-
Restricted assets:					
Bond construction escrow	13,420,989	-	13,420,989	-	-
Capital assets (net of accumulated depreciation/amortization):					
Land and land improvements	1,811,163	3,636	1,814,799	158,330	-
Buildings and system	18,590,088	3,585,879	22,175,967	5,481,301	-
Infrastructure	-	-	-	1,398,156	-
Equipment	2,368,522	11,999	2,380,521	2,289,478	-
Leased equipment	-	-	-	86,004	-
Improvements	3,390,308	-	3,390,308	-	-
Construction in progress	190,705	-	190,705	44,807	-
Total assets	\$ 53,084,456	\$ 3,661,808	\$ 56,746,264	\$ 12,717,559	\$ 551,375
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	1,459,095	-	1,459,095	2,622,116	-
OPEB related items	82,908	-	82,908	294,447	-
Total deferred outflows of resources	\$ 1,542,003	\$ -	\$ 1,542,003	\$ 2,916,563	\$ -
LIABILITIES					
Accounts payable	453,484	14,474	467,958	175,311	-
Accrued liabilities	-	-	-	1,414,966	-
Accrued interest payable	201,714	-	201,714	-	-
Unearned grants	553,345	-	553,345	-	-
Unearned rent	4,750	-	4,750	-	-
Due to other governmental units	-	-	-	1,606,488	-
Long-term liabilities:					
Due within one year	1,612,429	-	1,612,429	20,720	-
Due in more than one year	24,489,008	-	24,489,008	9,036,504	-
Total liabilities	\$ 27,314,730	\$ 14,474	\$ 27,329,204	\$ 12,253,989	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	26,300	-	26,300	-	-
Lease related items	207,217	-	207,217	-	-
Pension related items	2,489,400	-	2,489,400	6,660,698	-
OPEB related items	119,431	-	119,431	522,427	-
Total deferred inflows of resources	\$ 2,842,348	\$ -	\$ 2,842,348	\$ 7,183,125	\$ -
NET POSITION					
Net investment in capital assets	\$ 15,815,687	\$ 3,601,514	\$ 19,417,201	\$ 9,370,589	\$ -
Unrestricted (deficit)	8,653,694	45,820	8,699,514	(13,173,581)	551,375
Total net position (deficit)	\$ 24,469,381	\$ 3,647,334	\$ 28,116,715	\$ (3,802,992)	\$ 551,375

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,217,674	\$ 208	\$ 307,085	\$ 1,423,759
Judicial administration	1,039,743	51,881	388,700	-
Public safety	4,333,212	391,453	742,637	-
Public works	1,675,724	10,792	7,981	-
Health and welfare	2,958,383	-	1,717,015	-
Education	12,616,856	-	-	-
Parks, recreation, and cultural	574,238	17,768	29,202	-
Community development	3,774,168	-	-	112,197
Interest on long-term debt	544,011	-	-	-
Total governmental activities	\$ 30,734,009	\$ 472,102	\$ 3,192,620	\$ 1,535,956
Business-type activities:				
Water and sewer	\$ 289,489	\$ 69,624	\$ -	\$ -
Total business-type activities	\$ 289,489	\$ 69,624	\$ -	\$ -
Total primary government	\$ 31,023,498	\$ 541,726	\$ 3,192,620	\$ 1,535,956
COMPONENT UNITS:				
School Board	\$ 16,503,737	\$ 21,627	\$ 5,548,668	\$ -
Economic Development Authority	2,442,288	-	-	-
Total component units	\$ 18,946,025	\$ 21,627	\$ 5,548,668	\$ -
General revenues:				
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				
Miscellaneous				
Payments from Surry County				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues				
Change in net position				
Net position (deficit) - beginning				
Net position (deficit) - 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
\$ (1,486,622)		\$ (1,486,622)		
(599,162)		(599,162)		
(3,199,122)		(3,199,122)		
(1,656,951)		(1,656,951)		
(1,241,368)		(1,241,368)		
(12,616,856)		(12,616,856)		
(527,268)		(527,268)		
(3,661,971)		(3,661,971)		
(544,011)		(544,011)		
<u>\$ (25,533,331)</u>		<u>\$ (25,533,331)</u>		
	\$ (219,865)	\$ (219,865)		
	<u>\$ (219,865)</u>	<u>\$ (219,865)</u>		
		<u>\$ (25,753,196)</u>		
			\$ (10,933,442)	\$ -
			-	(2,442,288)
			<u>\$ (10,933,442)</u>	<u>\$ (2,442,288)</u>
\$ 24,591,548	\$ -	\$ 24,591,548	\$ -	\$ -
919,860	-	919,860	-	-
128,267	-	128,267	-	-
148,508	-	148,508	-	-
248,442	-	248,442	-	-
175,541	-	175,541	310	104
324,139	-	324,139	254,737	-
-	-	-	13,872,464	2,927,489
762,090	-	762,090	-	-
(137,171)	137,171	-	-	-
<u>\$ 27,161,224</u>	<u>\$ 137,171</u>	<u>\$ 27,298,395</u>	<u>\$ 14,127,511</u>	<u>\$ 2,927,593</u>
\$ 1,627,893	\$ (82,694)	\$ 1,545,199	\$ 3,194,069	\$ 485,305
22,841,488	3,730,028	26,571,516	(6,997,061)	66,070
<u>\$ 24,469,381</u>	<u>\$ 3,647,334</u>	<u>\$ 28,116,715</u>	<u>\$ (3,802,992)</u>	<u>\$ 551,375</u>

County of Surry, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 18,183,582	\$ -	\$ 119,661	\$ 18,303,243
Receivables (net of allowance for uncollectibles):				
Taxes receivable	331,544	-	-	331,544
Accounts receivable	64,448	-	-	64,448
Lease receivable	211,844	-	-	211,844
Due from other funds	1,001	-	-	1,001
Due from other governmental units	2,007,624	27,618	-	2,035,242
Restricted assets:				
Bond construction funds	-	13,420,989	-	13,420,989
Total assets	<u>\$ 20,800,043</u>	<u>\$ 13,448,607</u>	<u>\$ 119,661</u>	<u>\$ 34,368,311</u>
LIABILITIES				
Accounts payable	\$ 360,808	\$ 92,676	\$ -	\$ 453,484
Reconciled overdraft payable	-	7,633,640	-	7,633,640
Unearned grants	553,345	-	-	553,345
Unearned rent	4,750	-	-	4,750
Due to other funds	-	-	1,001	1,001
Total liabilities	<u>\$ 918,903</u>	<u>\$ 7,726,316</u>	<u>\$ 1,001</u>	<u>\$ 8,646,220</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 283,105	\$ -	\$ -	\$ 283,105
Lease related items	207,217	-	-	207,217
Total deferred inflows of resources	<u>\$ 490,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,322</u>
FUND BALANCES				
Committed	\$ 12,313,115	\$ 5,722,291	\$ 157,367	\$ 18,192,773
Unassigned (deficit)	7,077,703	-	(38,707)	7,038,996
Total fund balances	<u>\$ 19,390,818</u>	<u>\$ 5,722,291</u>	<u>\$ 118,660</u>	<u>\$ 25,231,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,800,043</u>	<u>\$ 13,448,607</u>	<u>\$ 119,661</u>	<u>\$ 34,368,311</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	25,231,769
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets cost	\$ 46,734,993	
Accumulated depreciation	<u>(20,384,207)</u>	26,350,786

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

Unavailable revenue - property taxes		256,805
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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	\$ 1,459,095	
OPEB related items	<u>82,908</u>	1,542,003

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	\$ (1,395,000)	
Revenue bond	(21,245,000)	
Bond issuance premiums	(1,316,088)	
Net OPEB liability	(346,410)	
Net pension liability	(533,003)	
Compensated absences	(474,294)	
Landfill postclosure care	(791,642)	
Accrued interest payable	<u>(201,714)</u>	(26,303,151)

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

Pension related items	\$ (2,489,400)	
OPEB related items	<u>(119,431)</u>	(2,608,831)

Net position of governmental activities	\$	<u><u>24,469,381</u></u>
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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, 2022

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 24,650,281	\$ -	\$ -	\$ 24,650,281
Other local taxes	1,445,077	-	-	1,445,077
Permits, privilege fees, and regulatory licenses	185,901	-	-	185,901
Fines and forfeitures	42,752	-	-	42,752
Revenue from the use of money and property	159,770	26,191	73	186,034
Charges for services	243,449	-	-	243,449
Miscellaneous	221,791	-	102,348	324,139
Recovered costs	65,545	-	-	65,545
Intergovernmental:				
Commonwealth	2,762,364	1,423,759	-	4,186,123
Federal	1,192,346	112,197	-	1,304,543
Total revenues	<u>\$ 30,969,276</u>	<u>\$ 1,562,147</u>	<u>\$ 102,421</u>	<u>\$ 32,633,844</u>
EXPENDITURES				
Current:				
General government administration	\$ 2,658,554	\$ -	\$ -	\$ 2,658,554
Judicial administration	747,537	-	-	747,537
Public safety	3,807,481	-	-	3,807,481
Public works	1,596,296	-	-	1,596,296
Health and welfare	3,024,030	-	-	3,024,030
Education	12,429,222	-	-	12,429,222
Parks, recreation, and cultural	468,228	-	-	468,228
Community development	851,757	-	600,830	1,452,587
Capital projects	-	3,658,958	-	3,658,958
Debt service:				
Principal retirement	1,510,000	-	-	1,510,000
Interest and other fiscal charges	770,040	-	-	770,040
Total expenditures	<u>\$ 27,863,145</u>	<u>\$ 3,658,958</u>	<u>\$ 600,830</u>	<u>\$ 32,122,933</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,106,131</u>	<u>\$ (2,096,811)</u>	<u>\$ (498,409)</u>	<u>\$ 510,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,424,367	\$ 380,000	\$ 1,804,367
Transfers out	(1,941,538)	-	-	(1,941,538)
Total other financing sources (uses)	<u>\$ (1,941,538)</u>	<u>\$ 1,424,367</u>	<u>\$ 380,000</u>	<u>\$ (137,171)</u>
Net change in fund balances	\$ 1,164,593	\$ (672,444)	\$ (118,409)	\$ 373,740
Fund balances - beginning	18,226,225	6,394,735	237,069	24,858,029
Fund balances - ending	<u>\$ 19,390,818</u>	<u>\$ 5,722,291</u>	<u>\$ 118,660</u>	<u>\$ 25,231,769</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, 2022

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

Net change in fund balances - total governmental funds	\$	373,740
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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. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 2,450,360	
Depreciation expense	(1,453,724)	
Activity related to joint tenancy assets of Component Unit and Primary Government	<u>(1,444,501)</u>	(447,865)

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

Property taxes		(58,733)
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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	\$ 160,000	
Principal retired on lease revenue bond	1,350,000	
Bond premium amortization	<u>212,244</u>	1,722,244

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	\$ (54,958)	
Pension expense	94,876	
OPEB expense	19,618	
Decrease (increase) in landfill postclosure care	(34,814)	
Decrease (increase) in accrued interest payable	<u>13,785</u>	38,507

Change in net position of governmental activities	\$	<u><u>1,627,893</u></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, 2022

	Enterprise Fund Water and <u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 48,826
Accounts receivable, net of allowance for uncollectibles	11,468
Total current assets	<u>\$ 60,294</u>
Noncurrent assets:	
Capital assets:	
Land and land improvements	\$ 3,636
Utility plant in service	4,176,247
Equipment	119,992
Accumulated depreciation	(698,361)
Total net capital assets	<u>\$ 3,601,514</u>
Total noncurrent assets	<u>\$ 3,601,514</u>
Total assets	<u>\$ 3,661,808</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 14,474
Total current liabilities	<u>\$ 14,474</u>
Total liabilities	<u>\$ 14,474</u>
NET POSITION	
Investment in capital assets	\$ 3,601,514
Unrestricted	<u>45,820</u>
Total net position	<u><u>\$ 3,647,334</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, 2022

	Enterprise Fund Water and <u>Sewer</u>
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 69,624
Total operating revenues	<u>\$ 69,624</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 179,083
Depreciation	110,406
Total operating expenses	<u>\$ 289,489</u>
Operating income (loss)	<u>\$ (219,865)</u>
Income (loss) before transfers	<u>\$ (219,865)</u>
Transfers in	<u>\$ 137,171</u>
Change in net position	\$ (82,694)
Net position - beginning	3,730,028
Net position - ending	<u><u>\$ 3,647,334</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, 2022

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 67,449
Payments to suppliers	(179,958)
Net cash provided by (used for) operating activities	<u>\$ (112,509)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 137,171</u>
Net increase (decrease) in cash and cash equivalents	\$ 24,662
Cash and cash equivalents - beginning	24,164
Cash and cash equivalents - ending	<u><u>\$ 48,826</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (219,865)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 110,406
(Increase) decrease in accounts receivable	(2,175)
Increase (decrease) in accounts payable	(875)
Total adjustments	<u>\$ 107,356</u>
Net cash provided by (used for) operating activities	<u><u>\$ (112,509)</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, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 242,643
Total assets	<u>\$ 242,643</u>
 NET POSITION	
Restricted for:	
Special welfare	\$ 75,361
Other governments	167,282
Total net position	<u>\$ 242,643</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, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Donations	\$ 30,088
Investment earnings:	
Interest and dividends	37
Total additions	<u>\$ 30,125</u>
DEDUCTIONS	
Purchases for supplies	\$ 15,636
Total deductions	<u>\$ 15,636</u>
Net increase (decrease) in fiduciary net position	<u>\$ 14,489</u>
Net position, beginning	\$ 228,154
Net position, ending	<u><u>\$ 242,643</u></u>

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements As of June 30, 2022

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 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, intergovernmental revenues, and nonexchange transactions, 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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

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 government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2022.

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, 2022.

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, 2022. The Authority does not issue a separate financial report.

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

None

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

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

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

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, 2022.

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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

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.

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. 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, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 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 in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds which consist 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, and 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.

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 \$165,541 at June 30, 2022 and is comprised of property taxes of \$121,739 and water and sewer charges of \$43,802.

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 are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

H. Capital Assets (Continued)

As the County and Component Unit School Board construct or acquire capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized 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
Leased equipment	5

I. Leases

The County and School Board lease various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The School Board recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The leased equipment is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

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

I. Leases (Continued)

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County and School Board use the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County and School Board use its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County and School Board monitor changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

J. 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.

K. 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.

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

L. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. The County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually 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 resolution 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;
- 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 generally 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.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

L. Fund Balance (Continued)

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

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Committed:				
Ongoing expenditure obligations	\$ 12,313,115	\$ -	\$ -	\$ 12,313,115
Capital Projects	-	5,722,291	-	5,722,291
DEA Task Force	-	-	53,396	53,396
Economic Development	-	-	103,971	103,971
Total Committed Fund Balance	\$ 12,313,115	\$ 5,722,291	\$ 157,367	\$ 18,192,773
Unassigned	\$ 7,077,703	\$ -	\$ (38,707)	\$ 7,038,996
Total Fund Balances	\$ 19,390,818	\$ 5,722,291	\$ 118,660	\$ 25,231,769

M. 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/amortization 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.

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

M. Net Position (Continued)

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.

N. 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.

O. Other Postemployment Benefits (OPEB)

VRS Plans

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.

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as a debt service expenditure.

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

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net asset 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 pension and OPEB. For more detailed information, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net asset 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 pension, OPEB, and leases 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.
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. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the Capital Projects Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

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

8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceed appropriations in any fund at June 30, 2022. The School Cafeteria Fund has a negative fund balance at June 30, 2022.

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 & 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, 2022 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	
Rated Debt Investments	Fair
	Quality Ratings
	AAAm
Local Government Investment Pool	\$ 10,553,533
Virginia State Non-Arbitrage Pool	13,420,989
Total	<u>\$ 23,974,522</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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	\$ 10,553,533	\$ 10,553,533
Virginia State Non-Arbitrage Pool	13,420,989	13,420,989
Total	<u>\$ 23,974,522</u>	<u>\$ 23,974,522</u>

External Investment Pool

The value of the positions in the external investment pools (Local Government Investment Pool (LGIP) and State Non-Arbitrage Pool (SNAP)) 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, 2022

Note 4—Due to/from Other Governments:

At June 30, 2022, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Surry County School Board	\$ 1,606,488	\$ -
Commonwealth of Virginia:		
Local sales tax	124,312	-
State Sales Tax	-	188,992
Constitutional officer reimbursements	95,075	-
Auto rental tax	117	-
Games of skill tax	34	-
Mobile home titling tax	8,607	-
Communications tax	5,874	-
Children's services act	31,208	-
Wireless funds	27,618	-
Welfare	43,293	-
E-911 wireless grant	8,935	-
Technology	-	128,000
Federal Government:		
JROTC	-	6,760
School fund grants	-	1,250,036
Welfare	83,681	-
Total due from other governments	<u>\$ 2,035,242</u>	<u>\$ 1,573,788</u>

At June 30, 2022, amounts due to other local governments are as follows:

Other Local Governments:		
County of Surry	<u>\$ -</u>	<u>\$ 1,606,488</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<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	145,419	45,286	-	190,705
Total capital assets not subject to depreciation	<u>\$ 1,956,582</u>	<u>\$ 45,286</u>	<u>\$ -</u>	<u>\$ 2,001,868</u>
Capital assets subject to depreciation:				
Buildings and improvements	\$ 26,302,154	\$ 31,868	\$ -	\$ 26,334,022
Equipment	8,337,175	942,588	-	9,279,763
Infrastructure	3,685,900	-	-	3,685,900
Jointly owned assets	6,559,000	1,430,618	2,556,178	5,433,440
Total capital assets subject to depreciation	<u>\$ 44,884,229</u>	<u>\$ 2,405,074</u>	<u>\$ 2,556,178</u>	<u>\$ 44,733,125</u>
Accumulated depreciation:				
Buildings and improvements	\$ 8,479,391	\$ 659,544	\$ -	\$ 9,138,935
Equipment	6,355,325	555,916	-	6,911,241
Infrastructure	203,444	92,148	-	295,592
Jointly owned assets	5,004,000	146,116	1,111,677	4,038,439
Total accumulated depreciation	<u>\$ 20,042,160</u>	<u>\$ 1,453,724</u>	<u>\$ 1,111,677</u>	<u>\$ 20,384,207</u>
Total capital assets subject to depreciation, net	<u>\$ 24,842,069</u>	<u>\$ 951,350</u>	<u>\$ 1,444,501</u>	<u>\$ 24,348,918</u>
Governmental activities capital assets, net	<u>\$ 26,798,651</u>	<u>\$ 996,636</u>	<u>\$ 1,444,501</u>	<u>\$ 26,350,786</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 5—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment at June 30, 2022 follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 3,636	\$ -	\$ -	\$ 3,636
Capital assets subject to depreciation:				
Utility Plant in Service	\$ 4,176,247	\$ -	\$ -	\$ 4,176,247
Equipment	119,992	-	-	119,992
Total capital assets subject to depreciation	\$ 4,296,239	\$ -	\$ -	\$ 4,296,239
Accumulated depreciation:				
Utility Plant in Service	\$ 485,962	\$ 104,406	\$ -	\$ 590,368
Equipment	101,993	6,000	-	107,993
Total accumulated depreciation	\$ 587,955	\$ 110,406	\$ -	\$ 698,361
Total capital assets subject to depreciation, net	\$ 3,708,284	\$ (110,406)	\$ -	\$ 3,597,878
Business-type activities capital assets, net	\$ 3,711,920	\$ (110,406)	\$ -	\$ 3,601,514

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation/amortization:				
Land and land improvements	\$ 158,330	\$ -	\$ -	\$ 158,330
Construction in progress	17,172	27,635	-	44,807
Total capital assets not subject to depreciation/amortization	\$ 175,502	\$ 27,635	\$ -	\$ 203,137
Capital assets subject to depreciation/amortization:				
Equipment	\$ 7,154,777	\$ 525,713	\$ -	\$ 7,680,490
Leased equipment	-	107,505	-	107,505
Building improvement	1,615,304	-	-	1,615,304
Jointly owned assets	18,793,151	-	(2,556,178)	21,349,329
Total capital assets subject to depreciation/amortization	\$ 27,563,232	\$ 633,218	\$ (2,556,178)	\$ 30,752,628
Accumulated depreciation/amortization:				
Equipment	\$ 5,096,808	\$ 294,204	\$ -	\$ 5,391,012
Leased equipment	-	21,501	-	21,501
Building improvement	212,531	4,617	-	217,148
Jointly owned assets	14,337,692	418,659	(1,111,677)	15,868,028
Total accumulated depreciation/amortization	\$ 19,647,031	\$ 738,981	\$ (1,111,677)	\$ 21,497,689
Total capital assets subject to depreciation/amortization, net	\$ 7,916,201	\$ (105,763)	\$ (1,444,501)	\$ 9,254,939
Component unit school board capital assets, net	\$ 8,091,703	\$ (78,128)	\$ (1,444,501)	\$ 9,458,076

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 5—Capital Assets: (Continued)

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 213,868
Judicial administration	327,522
Public safety	548,466
Public works	62,919
Health and welfare	5,373
Education	146,116
Parks, recreation and cultural	113,969
Community development	35,491
	<hr/>
Total Governmental activities	\$ 1,453,724
	<hr/>
Business-type activities	\$ 110,406
	<hr/>
Component Unit School Board	\$ 738,981
	<hr/>

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, 2022, is that school financed assets in the amount of \$1,395,001 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, 2022

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 1,941,538
Other governmental funds	380,000	-
County Capital Projects Fund	1,424,367	-
Water and Sewer Fund	137,171	-
	<u> </u>	<u> </u>
Total	<u>\$ 1,941,538</u>	<u>\$ 1,941,538</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, 2022 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
	<u> </u>	<u> </u>
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, 2022

Note 7—Long Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2022:

Primary Government:

	Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences					
(payload by General Fund)	\$ 419,336	\$ 96,892	\$ 41,934	\$ 474,294	\$ 47,429
Lease revenue bonds	22,595,000	-	1,350,000	21,245,000	1,395,000
Bond premium	1,500,460	-	208,760	1,291,700	-
Net pension liability					
(payload by General Fund)	3,573,233	2,669,386	5,709,616	533,003	-
Net OPEB liabilities					
(payload by General Fund)	468,154	93,284	215,028	346,410	-
Landfill postclosure care	756,828	34,814	-	791,642	-
Total incurred by County	<u>\$ 29,313,011</u>	<u>\$ 2,894,376</u>	<u>\$ 7,525,338</u>	<u>\$ 24,682,049</u>	<u>\$ 1,442,429</u>
Incurred by School Board:					
General obligation bonds	\$ 1,555,000	\$ -	\$ 160,000	\$ 1,395,000	\$ 170,000
Bond premium	27,872	-	3,484	24,388	-
Total incurred by School Board	<u>\$ 1,582,872</u>	<u>\$ -</u>	<u>\$ 163,484</u>	<u>\$ 1,419,388</u>	<u>\$ 170,000</u>
Total Governmental Activities	<u>\$ 30,895,883</u>	<u>\$ 2,894,376</u>	<u>\$ 7,688,822</u>	<u>\$ 26,101,437</u>	<u>\$ 1,612,429</u>
Total Primary Government Obligations	<u>\$ 30,895,883</u>	<u>\$ 2,894,376</u>	<u>\$ 7,688,822</u>	<u>\$ 26,101,437</u>	<u>\$ 1,612,429</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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
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>\$ 21,245,000</u>	<u>\$ 4,939,176</u>	<u>\$ 1,395,000</u>	<u>\$ 267,336</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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%.	\$ 1,975,000
\$5,875,000 lease revenue bond issued November 14, 2018, payable in various annual installments through April 1, 2039, interest payable semi-annually at 3.028%-5.125%.	5,320,000
\$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%.	13,950,000
Total lease revenue bonds	\$ 21,245,000
Bond issuance premium	\$ 1,291,700
Landfill postclosure care (Note 18)	\$ 791,642
Net pension liability (payable by General Fund)	\$ 533,003
Net OPEB liabilities (payable by General Fund)	\$ 346,410
Compensated absences (payable by General Fund)	\$ 474,294
Total incurred by County	\$ 24,682,049
<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%.	\$ 1,395,000
Bond issuance premium	\$ 24,388
Total incurred by School Board	\$ 1,419,388
Total Long-Term Obligations, Governmental Activities	\$ 26,101,437

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2022:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 13,651,313	\$ 3,707,762	\$ 10,606,739	\$ 6,752,336	\$ -
Net OPEB liabilities	2,517,851	513,090	813,540	2,217,401	-
Lease liabilities	-	107,505	20,018	87,487	20,720
Total Component Unit-School Board	<u>\$ 16,169,164</u>	<u>\$ 4,328,357</u>	<u>\$ 11,440,297</u>	<u>\$ 9,057,224</u>	<u>\$ 20,720</u>

Details of long-term indebtedness:

<u>Incurred by Component Unit - School Board:</u>	Total Amount
<u>Lease equipment:</u>	
\$104,819 copier lease issued July 1, 2021, due in monthly installments of \$1,890 through June 2026, interest at 3.25%.	\$ 85,256
\$2,686 office equipment lease issued July 1, 2021, due in monthly installments of \$48 through August 2026, interest at 3.25%.	2,231
	<u>\$ 87,487</u>

Expected future payments at June 30, 2022 are as follows:

Year Ending June 30,	Leased Equipment	
	Principal	Interest
2023	\$ 20,720	\$ 2,536
2024	21,403	1,853
2025	22,109	1,147
2026	23,172	415
2027	83	-
Total	<u>\$ 87,487</u>	<u>\$ 5,951</u>

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)**
As of June 30, 2022**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 \$283,105 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	\$ -	\$ 256,805
Prepaid property taxes due in December but paid in advance by taxpayers	26,300	26,300
Total	<u>\$ 26,300</u>	<u>\$ 283,105</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.

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, 2022, 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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

Note 11—Risk Management: (Continued)

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.

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.

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

- 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.

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.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2020 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	65	76
Inactive members:		
Vested inactive members	13	2
Non-vested inactive members	18	14
Inactive members active elsewhere in VRS	32	15
Total inactive members	63	31
Active members	94	46
Total covered employees	222	153

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, 2022 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 \$549,321 and \$500,868 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2022 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 \$110,279 and \$101,745 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

Note 12—Pension Plans: (Continued)

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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)**
As of June 30, 2022**Note 12—Pension Plans: (Continued)****Actuarial Assumptions - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2020, 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, 2021.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 12—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year expected return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, the

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2020	\$ 21,444,272	\$ 17,871,039	\$ 3,573,233
Changes for the year:			
Service cost	\$ 514,410	\$ -	\$ 514,410
Interest	1,402,289	-	1,402,289
Benefit changes			
Assumption changes	740,492	-	740,492
Differences between expected and actual experience	(175,068)	-	(175,068)
Contributions - employer	-	500,868	(500,868)
Contributions - employee	-	227,268	(227,268)
Net investment income	-	4,805,959	(4,805,959)
Benefit payments, including refunds			
Refunds of employee contributions	(1,339,233)	(1,339,233)	-
Administrative expenses	-	(12,195)	12,195
Other changes	-	453	(453)
Net changes	\$ 1,142,890	\$ 4,183,120	\$ (3,040,230)
Balances at June 30, 2021	\$ 22,587,162	\$ 22,054,159	\$ 533,003

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2020	\$ 6,522,956	\$ 5,251,562	\$ 1,271,394
Changes for the year:			
Service cost	\$ 91,901	\$ -	\$ 91,901
Interest	426,687	-	426,687
Benefit changes			
Assumption changes	244,763	-	244,763
Differences between expected and actual experience	(153,021)	-	(153,021)
Contributions - employer	-	101,745	(101,745)
Contributions - employee	-	44,284	(44,284)
Net investment income	-	1,404,626	(1,404,626)
Benefit payments, including refunds			
Refunds of employee contributions	(403,321)	(403,321)	-
Administrative expenses	-	(3,645)	3,645
Other changes	-	131	(131)
Net changes	\$ 207,009	\$ 1,143,820	\$ (936,811)
Balances at June 30, 2021	\$ 6,729,965	\$ 6,395,382	\$ 334,583

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's			
Net Pension Liability (Asset)	\$ 3,328,904	\$ 533,003	\$ (1,786,624)
Component Unit School Board (nonprofessional)'s			
Net Pension Liability (Asset)	\$ 1,075,214	\$ 334,583	\$ (287,147)

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$454,445 and \$29,722, respectively. At June 30, 2022, 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	\$ 321,225	\$ 119,667	\$ -	\$ 76,126
Change in assumptions	588,549	-	121,767	-
Net difference between projected and actual earnings on pension plan investments	-	2,369,733	-	690,228
Employer contributions subsequent to the measurement date	549,321	-	110,279	-
Total	\$ 1,459,095	\$ 2,489,400	\$ 232,046	\$ 766,354

\$549,321 and \$110,279 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, 2023. 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)
2023	\$ (69,222)	\$ (115,395)
2024	(263,264)	(156,584)
2025	(523,003)	(160,820)
2026	(724,137)	(211,788)
2027	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

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, 2022 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 \$1,265,534 and \$1,169,580 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$6,417,753 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.08267% as compared to 0.08510% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of (\$399,644). 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, 2022

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, 2022, 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	\$ -	\$ 546,624
Change in assumptions	1,124,373	-
Net difference between projected and actual earnings on pension plan investments	-	4,044,296
Changes in proportion and differences between employer contributions and proportionate share of contributions	163	1,303,424
Employer contributions subsequent to the measurement date	<u>1,265,534</u>	<u>-</u>
Total	<u>\$ 2,390,070</u>	<u>\$ 5,894,344</u>

\$1,265,534 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, 2023. 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>	
2023	\$ (1,252,250)
2024	(1,138,547)
2025	(1,133,969)
2026	(1,245,504)
2027	462
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Mortality rates:

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	53,381,141
Plan Fiduciary Net Position		45,617,878
Employers' Net Pension Liability (Asset)	\$	<u>7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.46%

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	12,385,915 \$	6,417,753 \$	1,508,142

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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	\$ 1,459,095	\$ 2,489,400	\$ 533,003	\$ 454,445	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	232,046	766,354	334,583	29,722
School Board Professional	-	-	-	-	2,390,070	5,894,344	6,417,753	(399,644)
Totals	\$ 1,459,095	\$ 2,489,400	\$ 533,003	\$ 454,445	\$ 2,622,116	\$ 6,660,698	\$ 6,752,336	\$ (369,922)

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, 2022

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, seatbelt 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 \$8,722 as of June 30, 2022.

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, 2022 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 \$27,047 and \$24,640 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$41,118 and \$39,328 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$5,619 and \$5,274 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the County reported a liability of \$257,304 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$410,639 and \$55,070, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.02210% as compared to .02250% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups' proportion was 0.03530% and 0.00470%, respectively as compared to 0.03620% and 0.00500% respectively at June 30, 2020.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2022, the County recognized GLI OPEB expense of \$12,055. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of (\$2,183). For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,432. 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, 2022, 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	\$ 29,346	\$ 1,961	\$ 46,835	\$ 3,129	\$ 6,281	\$ 420
Net difference between projected and actual earnings on GLI OPEB plan investments	-	61,413	-	98,011	-	13,144
Change in assumptions	14,185	35,205	22,638	56,184	3,036	7,535
Changes in proportionate share	8,851	5,514	-	71,578	928	4,493
Employer contributions subsequent to the measurement date	27,047	-	5,619	-	41,118	-
Total	\$ 79,429	\$ 104,093	\$ 75,092	\$ 228,902	\$ 51,363	\$ 25,592

\$27,047, \$5,619, and \$41,118, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2023	\$ (11,162)	\$ (39,236)	\$ (3,537)
2024	(8,927)	(34,678)	(2,926)
2025	(9,304)	(32,748)	(2,899)
2026	(18,219)	(42,825)	(4,610)
2027	(4,099)	(9,942)	(1,375)
Thereafter	-	-	-

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2020, 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, 2021. 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

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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 and 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, 2021, 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, 2021 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	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 375,931	\$ 257,304	\$ 161,508
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 599,958	\$ 410,639	\$ 257,755
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 80,460	\$ 55,070	\$ 34,567

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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, 2022

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, 2022

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

Employees Covered by Benefit Terms

As of the June 30, 2020 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>38</u>
Inactive members:	
Vested inactive members	<u>1</u>
Total inactive members	<u>39</u>
Active members	<u>46</u>
Total covered employees	<u><u>85</u></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, 2022 was 1.22% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$12,480 and \$11,694 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)****As of June 30, 2022****Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 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, 2020	\$ 171,824	\$ -	\$ 171,824
Changes for the year:			
Service cost	\$ 1,503	\$ -	\$ 1,503
Interest	11,598	-	11,598
Benefit changes	5,485	-	5,485
Contributions - employer	-	11,694	(11,694)
Net investment income	-	1,377	(1,377)
Administrative expenses	-	(51)	51
Net changes	\$ 18,586	\$ 13,020	\$ 5,566
Balances at June 30, 2021	\$ 190,410	\$ 13,020	\$ 177,390

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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	\$	195,340	\$ 177,390	\$ 161,977

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, 2022, the School Board recognized HIC Plan OPEB expense of \$14,152. At June 30, 2022, 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
Net difference between projected and actual earnings on HIC OPEB plan investments	\$ -	787
Change in assumptions	3,895	-
Employer contributions subsequent to the measurement date	\$ 12,480	\$ -
Total	\$ 16,375	\$ 787

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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)

\$12,480 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	1,393
2024		1,393
2025		518
2026		(196)
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

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

Plan Description (Continued)

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.

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, 2022 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 \$92,136 and \$88,123 for the years ended June 30, 2022 and June 30, 2021, 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, 2022, the school division reported a liability of \$1,057,020 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.08235% as compared to 0.08470% at June 30, 2020.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2022

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, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$52,814. 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, 2022, 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	\$ -	\$ 18,445
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	13,924
Change in assumptions	28,573	4,248
Change in proportionate share	-	158,938
Employer contributions subsequent to the measurement date	<u>92,136</u>	<u>-</u>
Total	<u>\$ 120,709</u>	<u>\$ 195,555</u>

\$92,136 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, 2023. 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>	
2023	\$ (34,565)
2024	(34,723)
2025	(33,833)
2026	(31,541)
2027	(22,203)
Thereafter	(10,117)

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, 2020, 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, 2021.

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

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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, 2022

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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, 2021 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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Discount Rate (Continued)

was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,189,911	\$ 1,057,020	\$ 944,562

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-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 and other postemployment benefits, 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 and other postemployment benefits, 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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

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.

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, 2022 (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, 2022 was \$12,465 and \$45,886.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2022.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

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	3.54% 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	3.54% based on Bond Buyer 20-Year Bond GO Index

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2021; 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 2021; 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 2021; 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, 2022 with the expectation that the County and School Board will continue paying the pay-as-you-go cost.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

County and School Board: (Continued)

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 93,000	\$ 554,099
Changes for the year:		
Service cost	14,374	41,849
Interest	2,185	12,379
Changes in assumptions	(7,988)	(45,159)
Benefit payments	(12,465)	(45,886)
Net changes	\$ (3,894)	\$ (36,817)
Balances at June 30, 2022	\$ 89,106	\$ 517,282

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 (2.54%) or one percentage point higher (4.54%) than the current discount rate:

	Rate		
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary Government:			
Total OPEB liability	\$ 94,877	\$ 89,106	\$ 83,551
Component Unit School Board:			
Total OPEB liability	\$ 550,224	\$ 517,282	\$ 484,202

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2022

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

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 (3.90% decreasing to 3.00%) or one percentage point higher (5.90% decreasing to 5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.90% decreasing to 3.00%)	Healthcare Cost Trend (4.90% decreasing to 4.00%)	1% Increase (5.90% decreasing to 5.00%)
Primary Government:			
Total OPEB liability	\$ 73,246	\$ 89,106	\$ 108,290

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 (3.90% decreasing to 3.00%) or one percentage point higher (5.90% decreasing to 5.00%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.90% decreasing to 3.00%)	Healthcare Cost Trend (4.90% decreasing to 4.00%)	1% Increase (5.90% decreasing to 5.00%)
Component Unit School Board:			
Total OPEB liability	\$ 443,055	\$ 517,282	\$ 604,495

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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

For the year ended June 30, 2022, the County and the School Board recognized OPEB expense in the amount of \$7,903 and \$42,064. At June 30, 2022, 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	\$ -	\$ 10,823	\$ -	\$ 32,901
Changes in assumptions	3,479	4,515	30,908	38,690
Total	<u>\$ 3,479</u>	<u>\$ 15,338</u>	<u>\$ 30,908</u>	<u>\$ 71,591</u>

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:

Year Ended June 30	Primary Government	Component Unit School Board
2023	\$ (9,125)	\$ (12,164)
2024	(2,734)	(12,304)
2025	-	(12,638)
2026	-	(3,577)
2027	-	-
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.

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)**
As of June 30, 2022**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

Note 18—Landfill Closure and Postclosure Care Cost:

The \$791,642 reported as landfill postclosure liability at June 30, 2022, represents the estimated liability for postclosure monitoring. This amount is based on what it would cost to perform all postclosure care in 2022 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, 2022, 100% of the landfill's total capacity has been used. 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, 2022 was \$9,240.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

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 Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 79,429	\$ 104,093	\$ 257,304	\$ 12,055	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	51,363	25,592	55,070	1,432
School Board Professional	-	-	-	-	75,093	228,902	410,639	(2,183)
Health Insurance Credit Program (Note 14):								
School Board Nonprofessional	-	-	-	-	16,375	787	177,390	14,152
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	120,709	195,555	1,057,020	52,814
County Stand-Alone Plan (Note 16)	3,479	15,338	89,106	7,903	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	30,908	71,591	517,282	42,064
Totals	\$ 82,908	\$ 119,431	\$ 346,410	\$ 19,958	\$ 294,448	\$ 522,427	\$ 2,217,401	\$ 108,279

Note 21—Lease Receivable:

The following is a summary of lessor activity of the County for the year ended June 30, 2022:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 45,977	\$ 8,352	\$ 54,329
2024	48,079	6,241	54,320
2025	50,278	404	50,682
2026	52,577	1,726	54,303
2027	14,933	52	14,985
Total	\$ 211,844	\$ 16,775	\$ 228,619

Details of lease receivable:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance	Amounts Owed Within One Year
Marina lease	July 2021	September 2026	Monthly	3.67%	\$ 211,844	\$ 45,977
Total					\$ 211,844	\$ 45,977

The County recognized \$44,918 of lease revenue and \$10,370 of interest for the year ended June 30, 2022.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2022

Note 22—Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. 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. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Primary Government:

	Governmental Activities	General Fund
Lessor activity:		
Lease receivable	\$ 255,974	\$ 255,974
Deferred inflows of resources - lease	\$ 255,974	\$ 255,974

The County implemented provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2022. This Statement simplifies accounting for interest cost incurred before the end of a construction period. Interest cost incurred during construction is expensed and no longer capitalized as part of project costs. No restatement was required as a result of this implementation.

Note 23—Upcoming Pronouncements:

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. 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 fiscal years 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 fiscal years beginning after June 15, 2022.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2022

Note 23—Upcoming Pronouncements: (Continued)

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

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

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

Note 24—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 2022 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 2023.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 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 2022 and the balance delivered approximately 12 months later.

On July 1, 2022, 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. At June 30, 2022, the County reported \$553,345 of unearned CSLFRF funds.

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, 2021 and added \$81.9 billion to the ESF. In March 2022, 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.

County of Surry, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 23,979,032	\$ 23,979,032	\$ 24,650,281	\$ 671,249
Other local taxes	909,000	909,000	1,445,077	536,077
Permits, privilege fees, and regulatory licenses	35,950	35,950	185,901	149,951
Fines and forfeitures	30,000	30,000	42,752	12,752
Revenue from the use of money and property	134,626	134,626	159,770	25,144
Charges for services	230,450	230,450	243,449	12,999
Miscellaneous	58,487	58,750	221,791	163,041
Recovered costs	17,500	17,500	65,545	48,045
Intergovernmental:				
Commonwealth	2,964,274	3,113,052	2,762,364	(350,688)
Federal	962,163	978,469	1,192,346	213,877
Total revenues	\$ 29,321,482	\$ 29,486,829	\$ 30,969,276	\$ 1,482,447
EXPENDITURES				
Current:				
General government administration	\$ 3,021,790	\$ 2,891,255	\$ 2,658,554	\$ 232,701
Judicial administration	779,683	798,592	747,537	51,055
Public safety	3,782,535	4,129,245	3,807,481	321,764
Public works	1,607,526	1,616,643	1,596,296	20,347
Health and welfare	3,211,864	3,303,697	3,024,030	279,667
Education	12,637,804	12,637,804	12,429,222	208,582
Parks, recreation, and cultural	604,630	554,792	468,228	86,564
Community development	954,510	914,091	851,757	62,334
Debt service:				
Principal retirement	1,510,000	1,510,000	1,510,000	-
Interest and other fiscal charges	793,041	793,041	770,040	23,001
Total expenditures	\$ 29,022,115	\$ 29,267,892	\$ 27,863,145	\$ 1,404,747
Excess (deficiency) of revenues over (under) expenditures	\$ 299,367	\$ 218,937	\$ 3,106,131	\$ 2,887,194
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,073,219)	\$ (1,914,338)	\$ (1,941,538)	\$ (27,200)
Net change in fund balances	\$ (773,852)	\$ (1,695,401)	\$ 1,164,593	\$ 2,859,994
Fund balances - beginning	773,852	1,695,401	18,226,225	16,530,824
Fund balances - ending	\$ -	\$ -	\$ 19,390,818	\$ 19,390,818

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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 514,410	\$ 512,614
Interest	1,402,289	1,317,296
Differences between expected and actual experience	(175,068)	720,316
Changes of assumptions	740,492	-
Benefit payments	(1,339,233)	(1,242,904)
Net change in total pension liability	\$ 1,142,890	\$ 1,307,322
Total pension liability - beginning	21,444,272	20,136,950
Total pension liability - ending (a)	\$ 22,587,162	\$ 21,444,272
Plan fiduciary net position		
Contributions - employer	\$ 500,868	\$ 354,709
Contributions - employee	227,268	225,025
Net investment income	4,805,959	343,387
Benefit payments	(1,339,233)	(1,242,904)
Administrator charges	(12,195)	(12,011)
Other	453	(403)
Net change in plan fiduciary net position	\$ 4,183,120	\$ (332,197)
Plan fiduciary net position - beginning	17,871,039	18,203,236
Plan fiduciary net position - ending (b)	\$ 22,054,159	\$ 17,871,039
County's net pension liability - ending (a) - (b)	\$ 533,003	\$ 3,573,233
Plan fiduciary net position as a percentage of the total pension liability	97.64%	83.34%
Covered payroll	\$ 4,562,873	\$ 4,623,636
County's net pension liability as a percentage of covered payroll	11.68%	77.28%

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.

2019	2018	2017	2016	2015	2014
\$ 446,163	\$ 434,320	\$ 434,734	\$ 417,603	\$ 411,340	\$ 391,145
1,286,442	1,220,918	1,170,206	1,139,509	1,132,119	1,071,965
108,825	413,745	124,012	(23,768)	(553,229)	-
557,716	-	29,310	-	-	-
(1,279,883)	(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
\$ 1,119,263	\$ 1,083,021	\$ 676,605	\$ 425,369	\$ 328,890	\$ 916,925
19,017,687	17,934,666	17,258,061	16,832,692	16,503,802	15,586,877
<u>\$ 20,136,950</u>	<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>
\$ 337,827	\$ 273,087	\$ 272,074	\$ 361,721	\$ 362,868	\$ 382,061
315,066	207,895	219,825	189,642	191,927	181,266
1,156,309	1,241,488	1,883,572	263,004	703,835	2,102,412
(1,279,883)	(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
(11,909)	(10,908)	(11,235)	(10,178)	(9,603)	(11,194)
(727)	(1,098)	(1,658)	(115)	(147)	110
\$ 516,683	\$ 724,502	\$ 1,280,921	\$ (303,901)	\$ 587,540	\$ 2,108,470
17,686,553	16,962,051	15,681,130	15,985,031	15,397,491	13,289,021
<u>\$ 18,203,236</u>	<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>
\$ 1,933,714	\$ 1,331,134	\$ 972,615	\$ 1,576,931	\$ 847,661	\$ 1,106,311
90.40%	93.00%	94.58%	90.86%	94.96%	93.30%
\$ 4,269,888	\$ 4,160,375	\$ 4,037,279	\$ 3,876,167	\$ 3,902,373	\$ 3,608,554
45.29%	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, 2021

	2021	2020
Total pension liability		
Service cost	\$ 91,901	\$ 86,517
Interest	426,687	411,302
Differences between expected and actual experience	(153,021)	140,842
Changes of assumptions	244,763	-
Benefit payments	(403,321)	(418,145)
Net change in total pension liability	\$ 207,009	\$ 220,516
Total pension liability - beginning	6,522,956	6,302,440
Total pension liability - ending (a)	\$ 6,729,965	\$ 6,522,956
 Plan fiduciary net position		
Contributions - employer	\$ 101,745	\$ 100,999
Contributions - employee	44,284	45,828
Net investment income	1,404,626	102,030
Benefit payments	(403,321)	(418,145)
Administrator charges	(3,645)	(3,631)
Other	131	(118)
Net change in plan fiduciary net position	\$ 1,143,820	\$ (173,037)
Plan fiduciary net position - beginning	5,251,562	5,424,599
Plan fiduciary net position - ending (b)	\$ 6,395,382	\$ 5,251,562
 School Division's net pension liability - ending (a) - (b)	\$ 334,583	\$ 1,271,394
 Plan fiduciary net position as a percentage of the total pension liability	95.03%	80.51%
 Covered payroll	\$ 958,513	\$ 996,677
 School Division's net pension liability as a percentage of covered payroll	34.91%	127.56%

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

2019	2018	2017	2016	2015	2014
\$ 88,702	\$ 86,110	\$ 99,250	\$ 101,589	\$ 104,105	\$ 103,206
420,410	404,448	401,621	407,137	400,493	390,886
(140,755)	171,557	(44,242)	(175,816)	(4,521)	-
155,642	-	(3,930)	-	-	-
(454,841)	(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
\$ 69,158	\$ 248,793	\$ 41,393	\$ (79,216)	\$ 101,887	\$ 178,573
6,233,282	5,984,489	5,943,096	6,022,312	5,920,425	5,741,852
<u>\$ 6,302,440</u>	<u>\$ 6,233,282</u>	<u>\$ 5,984,489</u>	<u>\$ 5,943,096</u>	<u>\$ 6,022,312</u>	<u>\$ 5,920,425</u>
\$ 98,289	\$ 95,668	\$ 96,895	\$ 118,759	\$ 120,248	\$ 114,008
72,395	44,917	45,755	46,721	47,557	49,896
344,493	381,041	587,284	82,954	228,563	708,437
(454,841)	(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
(3,598)	(3,443)	(3,581)	(3,252)	(3,306)	(3,912)
(217)	(333)	(514)	(36)	(49)	37
\$ 56,521	\$ 104,528	\$ 314,533	\$ (166,980)	\$ (5,177)	\$ 552,947
5,368,078	5,263,550	4,949,017	5,115,997	5,121,174	4,568,227
<u>\$ 5,424,599</u>	<u>\$ 5,368,078</u>	<u>\$ 5,263,550</u>	<u>\$ 4,949,017</u>	<u>\$ 5,115,997</u>	<u>\$ 5,121,174</u>
\$ 877,841	\$ 865,204	\$ 720,939	\$ 994,079	\$ 906,315	\$ 799,251
86.07%	86.12%	87.95%	83.27%	84.95%	86.50%
\$ 961,628	\$ 960,932	\$ 960,463	\$ 960,773	\$ 962,804	\$ 997,905
91.29%	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, 2021

	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.08267%	0.08510%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,417,753	\$ 12,379,919
Employer's Covered Payroll	\$ 7,282,875	\$ 7,422,403
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	88.12%	166.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

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

<hr/>					
2019	2018	2017	2016	2015	2014
<hr/>					
0.09342%	0.09847%	0.10080%	0.10077%	0.10636%	0.10898%
\$ 12,294,603	\$ 11,580,000	\$ 12,396,000	\$ 14,122,000	\$ 13,387,000	\$ 13,170,000
\$ 7,795,885	\$ 7,942,962	\$ 7,902,638	\$ 7,683,184	\$ 7,907,861	\$ 7,969,660
157.71%	145.79%	156.86%	183.80%	169.29%	165.25%
73.51%	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, 2013 through June 30, 2022

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2022	\$ 549,321	\$ 549,321	\$ -	\$ 5,008,676	10.97%
2021	500,868	500,868	-	4,562,873	10.98%
2020	355,419	355,419	-	4,623,636	7.69%
2019	337,826	337,826	-	4,269,888	7.91%
2018	273,088	273,088	-	4,160,375	6.56%
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%
Component Unit School Board (nonprofessional)					
2022	\$ 110,279	\$ 110,279	\$ -	\$ 1,022,911	10.78%
2021	101,745	101,745	-	958,513	10.61%
2020	101,162	101,162	-	996,677	10.15%
2019	98,289	98,289	-	961,628	10.22%
2018	96,055	96,055	-	960,932	10.00%
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%
Component Unit School Board (professional)					
2022	\$ 1,265,534	\$ 1,265,534	\$ -	\$ 7,614,524	16.62%
2021	1,169,580	1,169,580	-	7,282,875	16.06%
2020	1,130,433	1,130,433	-	7,422,403	15.23%
2019	1,238,666	1,238,666	-	7,795,885	15.89%
2018	1,298,516	1,298,516	-	7,942,962	16.35%
2017	1,159,872	1,159,872	-	7,902,638	14.68%
2016	1,098,107	1,098,107	-	7,683,184	14.29%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

County of Surry, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

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 June 30, 2021

Exhibit 18

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2021	0.02210%	\$ 257,304	\$ 4,562,873	5.64%	67.45%
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):					
2021	0.03530%	\$ 410,639	\$ 3,608,554	11.38%	67.45%
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):					
2021	0.00470%	\$ 55,070	\$ 976,691	5.64%	67.45%
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, 2013 through June 30, 2022

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:					
2022	\$ 27,047	\$ 27,047	\$ -	5,008,676	0.54%
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%
Component Unit School Board (professional):					
2022	\$ 41,118	\$ 41,118	\$ -	7,614,524	0.54%
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%
Component Unit School Board (nonprofessional):					
2022	\$ 5,619	\$ 5,619	\$ -	1,040,489	0.54%
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%

County of Surry, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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 Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 1,503	\$ -
Interest	11,598	-
Changes in benefit terms	-	171,824
Changes of assumptions	5,485	-
Net change in total HIC OPEB liability	\$ 18,586	\$ 171,824
Total HIC OPEB Liability - beginning	171,824	-
Total HIC OPEB Liability - ending (a)	\$ 190,410	\$ 171,824
 Plan fiduciary net position		
Contributions - employer	\$ 11,694	\$ -
Net investment income	1,377	-
Administrator charges	(51)	-
Net change in plan fiduciary net position	\$ 13,020	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 13,020	\$ -
 School Board Component Unit (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 177,390	\$ 171,824
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	6.84%	0.00%
 Covered payroll	\$ 958,513	\$ -
 School Board Component Unit (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	18.51%	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 Years Ended June 30, 2021 and June 30, 2022

Date	Contributions in Relation to				Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2022	\$ 12,480	\$ 12,480	\$ -	\$ 1,022,911	1.22%
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, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.08235% \$	1,057,020 \$	7,282,875	14.51%	13.15%
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, 2013 through June 30, 2022

Exhibit 25

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2022	\$ 92,136	\$ 92,136	\$ -	\$ 7,614,524	1.21%
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%

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Surry, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2022

Exhibit 27

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 14,374	\$ 13,859	\$ 8,719	\$ 8,873	\$ 9,121
Interest	2,185	2,196	4,356	4,840	4,495
Economic/demographic gains or losses	-	-	(35,801)	-	-
Changes in assumptions	(7,988)	239	11,190	3,247	(3,020)
Benefit payments	(12,465)	(17,498)	(19,835)	(14,993)	(12,465)
Net change in total OPEB liability	\$ (3,894)	\$ (1,204)	\$ (31,371)	\$ 1,967	\$ (1,869)
Total OPEB liability - beginning	93,000	94,204	125,575	123,608	125,477
Total OPEB liability - ending	\$ 89,106	\$ 93,000	\$ 94,204	\$ 125,575	\$ 123,608
 Covered-employee payroll	 \$ 4,585,039	 \$ 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	 1.94%	 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.

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, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 41,849	\$ 40,323	\$ 26,326	\$ 25,610	\$ 26,477
Interest	12,379	12,508	20,049	21,784	20,569
Economic/demographic gains or losses	-	-	(63,747)	-	-
Changes in assumptions	(45,159)	1,531	48,680	16,233	(15,903)
Benefit payments	(45,886)	(51,511)	(52,680)	(56,263)	(53,761)
Net change in total OPEB liability	\$ (36,817)	\$ 2,851	\$ (21,372)	\$ 7,364	\$ (22,618)
Total OPEB liability - beginning	554,099	551,248	572,620	565,256	587,874
Total OPEB liability - ending	\$ 517,282	\$ 554,099	\$ 551,248	\$ 572,620	\$ 565,256
 Covered-employee payroll	 \$ 7,912,542	 \$ 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	 6.54%	 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, 2022

Valuation Date: 1/1/2020
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.54% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.90% in 2022, then gradually declines to 4.00% over 51 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, 2022

Valuation Date: 1/1/2020

Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.54% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.90% in 2022, 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 26,191	\$ 26,191
Miscellaneous	200,000	200,000	-	(200,000)
Intergovernmental:				
Commonwealth	-	505,661	1,423,759	918,098
Total revenues	\$ 200,000	\$ 705,661	\$ 1,562,147	\$ 856,486
EXPENDITURES				
Capital projects	\$ 2,621,048	\$ 12,919,975	\$ 3,658,958	\$ 9,261,017
Total expenditures	\$ 2,621,048	\$ 12,919,975	\$ 3,658,958	\$ 9,261,017
Excess (deficiency) of revenues over (under) expenditures	\$ (2,421,048)	\$ (12,214,314)	\$ (2,096,811)	\$ 10,117,503
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 856,048	\$ 1,397,167	\$ 1,424,367	\$ 27,200
Issuance of lease revenue bonds	1,565,000	1,565,000	-	(1,565,000)
Total other financing sources (uses)	\$ 2,421,048	\$ 2,962,167	\$ 1,424,367	\$ (1,537,800)
Net change in fund balances	\$ -	\$ (9,252,147)	\$ (672,444)	\$ 8,579,703
Fund balances - beginning	-	9,252,147	6,394,735	(2,857,412)
Fund balances - ending	\$ -	\$ -	\$ 5,722,291	\$ 5,722,291

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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 30	\$ 30	\$ 73	\$ 43
Miscellaneous	11,700	111,700	102,348	(9,352)
Total revenues	\$ 11,730	\$ 111,730	\$ 102,421	\$ (9,309)
EXPENDITURES				
Current:				
Public safety	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community development	91,730	598,730	600,830	(2,100)
Total expenditures	\$ 116,730	\$ 623,730	\$ 600,830	\$ 22,900
Excess (deficiency) of revenues over (under) expenditures	\$ (105,000)	\$ (512,000)	\$ (498,409)	\$ 13,591
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 80,000	\$ 380,000	\$ 380,000	\$ -
Total other financing sources (uses)	\$ 80,000	\$ 380,000	\$ 380,000	\$ -
Net change in fund balances	\$ (25,000)	\$ (132,000)	\$ (118,409)	\$ 13,591
Fund balances - beginning	25,000	132,000	237,069	105,069
Fund balances - ending	\$ -	\$ -	\$ 118,660	\$ 118,660

County of Surry, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds			
	<u>Special Welfare</u>	<u>Crater AAA</u>	<u>Emergency Food and Shelter</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 75,361	\$ 167,141	\$ 141	\$ 242,643
Total assets	<u>\$ 75,361</u>	<u>\$ 167,141</u>	<u>\$ 141</u>	<u>\$ 242,643</u>
NET POSITION				
Restricted for:				
Special welfare	\$ 75,361	\$ -	\$ -	\$ 75,361
Other governments	-	167,141	141	167,282
Total net position	<u>\$ 75,361</u>	<u>\$ 167,141</u>	<u>\$ 141</u>	<u>\$ 242,643</u>

County of Surry, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Crater AAA</u>	<u>Emergency Food and Shelter</u>	
ADDITIONS				
Contributions:				
Donations	\$ 14,885	\$ 15,203	\$ -	\$ 30,088
Investment earnings:				
Interest and dividends	37	-	-	37
Total additions	<u>\$ 14,922</u>	<u>\$ 15,203</u>	<u>\$ -</u>	<u>\$ 30,125</u>
DEDUCTIONS				
Purchases for supplies	\$ 10,831	\$ 4,805	\$ -	\$ 15,636
Total deductions	<u>\$ 10,831</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 15,636</u>
Net increase (decrease) in fiduciary net position	\$ 4,091	\$ 10,398	\$ -	\$ 14,489
Net position, beginning	71,270	156,743	141	\$ 228,154
Net position, ending	<u>\$ 75,361</u>	<u>\$ 167,141</u>	<u>\$ 141</u>	<u>\$ 242,643</u>

County of Surry, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	School Activity <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,612,479	\$ 6,387	\$ 66,829	\$ 1,685,695
Due from other governmental units	1,541,068	32,720	-	1,573,788
Total assets	<u>\$ 3,153,547</u>	<u>\$ 39,107</u>	<u>\$ 66,829</u>	<u>\$ 3,259,483</u>
LIABILITIES				
Accounts payable	\$ 174,008	\$ 1,303	\$ -	\$ 175,311
Accrued liabilities	1,373,051	41,915	-	1,414,966
Due to other governmental units	1,606,488	-	-	1,606,488
Total liabilities	<u>\$ 3,153,547</u>	<u>\$ 43,218</u>	<u>\$ -</u>	<u>\$ 3,196,765</u>
FUND BALANCES				
Committed:				
School Activity Fund	\$ -	\$ -	\$ 66,829	\$ 66,829
Unassigned	-	(4,111)	-	(4,111)
Total fund balances (deficits)	<u>\$ -</u>	<u>\$ (4,111)</u>	<u>\$ 66,829</u>	<u>\$ 62,718</u>
Total liabilities and fund balances	<u>\$ 3,153,547</u>	<u>\$ 39,107</u>	<u>\$ 66,829</u>	<u>\$ 3,259,483</u>

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

Total fund balances per above \$ 62,718

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

Capital assets cost, as restated	\$ 30,955,765	
Accumulated depreciation\amortization	<u>(21,497,689)</u>	9,458,076

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

Pension related items	\$ 2,622,116	
OPEB related items	<u>294,447</u>	2,916,563

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	\$ (6,752,336)	
Net OPEB liabilities	(2,217,401)	
Lease liabilities	<u>(87,487)</u>	(9,057,224)

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

Pension related items	\$ (6,660,698)	
OPEB related items	<u>(522,427)</u>	(7,183,125)

Net position of governmental activities		<u>\$ (3,802,992)</u>
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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, 2022

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	School Activity <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES				
Revenue from the use of money and property	\$ 310	\$ -	\$ -	\$ 310
Charges for services	-	21,627	-	21,627
Miscellaneous	104,639	-	150,098	254,737
Intergovernmental:				
Local government	12,427,963	-	-	12,427,963
Commonwealth	2,937,018	7,739	-	2,944,757
Federal	2,041,603	511,595	-	2,553,198
Total revenues	\$ 17,511,533	\$ 540,961	\$ 150,098	\$ 18,202,592
EXPENDITURES				
Current:				
Education	\$ 17,488,325	\$ 522,842	\$ 139,825	\$ 18,150,992
Debt service:				
Principal retirement	20,018	-	-	20,018
Interest and other fiscal charges	3,190	-	-	3,190
Total expenditures	\$ 17,511,533	\$ 522,842	\$ 139,825	\$ 18,174,200
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 18,119	\$ 10,273	\$ 28,392
Net change in fund balances	\$ -	\$ 18,119	\$ 10,273	\$ 28,392
Fund balances (deficit) - beginning	-	(22,230)	56,556	34,326
Fund balances (deficit) - ending	\$ -	\$ (4,111)	\$ 66,829	\$ 62,718

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 \$ 28,392

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	\$ 553,348	
Depreciation/amortization expense	(738,981)	
Activity related to joint tenancy assets of Component Unit and Primary Government	1,444,501	1,258,868

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds 50,713

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.

Principal retired on lease liabilities 20,018

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	89,205	
Pension expense	1,746,873	1,836,078

Change in net position of governmental activities \$ 3,194,069

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, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 310	\$ 310
Charges for services	-	-	-	-
Miscellaneous	32,132	46,634	104,639	58,005
Intergovernmental:				
Local government	12,636,545	12,636,545	12,427,963	(208,582)
Commonwealth	2,799,502	2,799,502	2,937,018	137,516
Federal	1,513,377	3,569,903	2,041,603	(1,528,300)
Total revenues	\$ 16,981,556	\$ 19,052,584	\$ 17,511,533	\$ (1,541,051)
EXPENDITURES				
Current:				
Education	\$ 16,958,348	\$ 19,029,376	\$ 17,488,325	\$ 1,541,051
Debt service:				
Principal retirement	20,018	20,018	20,018	-
Interest and other fiscal charges	3,190	3,190	3,190	-
Total expenditures	\$ 16,981,556	\$ 19,052,584	\$ 17,511,533	\$ 1,541,051
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - 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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,960	9,960	21,627	11,667	-	-	-	-
-	-	-	-	-	-	150,098	150,098
-	-	-	-	-	-	-	-
10,100	10,100	7,739	(2,361)	-	-	-	-
493,288	544,593	511,595	(32,998)	-	-	-	-
\$ 513,348	\$ 564,653	\$ 540,961	\$ (23,692)	\$ -	\$ -	\$ 150,098	\$ 150,098
\$ 513,348	\$ 564,653	\$ 522,842	\$ 41,811	\$ -	\$ -	\$ 139,825	\$ (139,825)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 513,348	\$ 564,653	\$ 522,842	\$ 41,811	\$ -	\$ -	\$ 139,825	\$ (139,825)
\$ -	\$ -	\$ 18,119	\$ 18,119	\$ -	\$ -	\$ 10,273	\$ 10,273
\$ -	\$ -	\$ 18,119	\$ 18,119	\$ -	\$ -	\$ 10,273	\$ 10,273
-	-	(22,230)	(22,230)	-	-	56,556	56,556
\$ -	\$ -	\$ (4,111)	\$ (4,111)	\$ -	\$ -	\$ 66,829	\$ 66,829

County of Surry, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ <u>551,375</u>
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NET POSITION

Unrestricted	\$ <u>551,375</u>
Total net position	\$ <u><u>551,375</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, 2022

OPERATING EXPENSES

Other charges	\$ 3,906
Total operating expenses	\$ 3,906
Operating income (loss)	\$ (3,906)

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 104
Local market grant from Surry County	300,000
Marketplace supplies	(17,893)
VATI grant from Surry County	1,022,141
VATI grant to Prince George Electric Cooperative	(1,022,141)
Broadband grant from Surry County	1,605,348
Broadband grant to Prince George Electric Cooperative	(1,398,348)
Total nonoperating revenues (expenses)	\$ 489,211
Change in net position	\$ 485,305

Net position - beginning	66,070
Net position - ending	\$ 551,375

County of Surry, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for operating activities	\$ (3,906)
Net cash provided by (used for) operating activities	<u>\$ (3,906)</u>

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

Local market grant from Surry County	\$ 300,000
Market grant inventory	(17,893)
Broadband grant from Surry County	1,605,348
Broadband grant to Prince George Electric Cooperative	<u>(1,398,348)</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 489,107</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 104
Net cash provided by (used for) investing activities	<u>\$ 104</u>

Net increase (decrease) in cash and cash equivalents	\$ 485,305
Cash and cash equivalents - beginning	66,070
Cash and cash equivalents - ending	<u><u>\$ 551,375</u></u>

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

Operating income (loss)	\$ (3,906)
Net cash provided (used) by operating activities	<u><u>\$ (3,906)</u></u>

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,269,296	\$ 7,269,296	\$ 7,308,238	\$ 38,942
Real and personal public service corporation taxes	15,064,736	15,064,736	15,379,783	315,047
Personal property taxes	1,545,000	1,545,000	1,832,864	287,864
Penalties	45,000	45,000	59,569	14,569
Interest	55,000	55,000	69,827	14,827
Total general property taxes	\$ 23,979,032	\$ 23,979,032	\$ 24,650,281	\$ 671,249
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 919,860	\$ 419,860
Consumption tax	19,000	19,000	19,456	456
Business license taxes	95,000	95,000	148,508	53,508
Motor vehicle licenses	130,000	130,000	128,267	(1,733)
Taxes on recordation and wills	60,000	60,000	91,340	31,340
Meals tax	105,000	105,000	137,646	32,646
Total other local taxes	\$ 909,000	\$ 909,000	\$ 1,445,077	\$ 536,077
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,375	\$ (625)
Building permits	21,000	21,000	127,676	106,676
Permits and other licenses	12,950	12,950	56,850	43,900
Total permits, privilege fees, and regulatory licenses	\$ 35,950	\$ 35,950	\$ 185,901	\$ 149,951
Fines and forfeitures:				
Court fines and forfeitures	\$ 30,000	\$ 30,000	\$ 42,752	\$ 12,752
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 36,391	\$ 16,391
Revenue from use of property	114,626	114,626	123,379	8,753
Total revenue from use of money and property	\$ 134,626	\$ 134,626	\$ 159,770	\$ 25,144
Charges for services:				
Sheriff fees	\$ 10,550	\$ 10,550	\$ 18,460	\$ 7,910
Charges for Commonwealth's Attorney	1,000	1,000	1,099	99
Charges for Treasurer	-	-	208	208
Courthouse maintenance fees	2,700	2,700	3,872	1,172
Charges for other court services	4,200	4,200	4,158	(42)
Charges for ambulance	190,000	190,000	187,092	(2,908)
Charges for sanitation and waste removal	6,000	6,000	10,792	4,792
Charges for farmers market vendor fees	500	500	993	493
Charges for parks and recreation	15,500	15,500	16,775	1,275
Total charges for services	\$ 230,450	\$ 230,450	\$ 243,449	\$ 12,999
Miscellaneous:				
Miscellaneous	\$ 58,487	\$ 58,750	\$ 221,791	\$ 163,041

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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	\$ -	\$ -	\$ 4,619	\$ 4,619
Recovered costs	17,500	17,500	60,926	43,426
Total recovered costs	\$ 17,500	\$ 17,500	\$ 65,545	\$ 48,045
Total revenue from local sources	\$ 25,395,045	\$ 25,395,308	\$ 27,014,566	\$ 1,619,258
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ -	\$ -	\$ 6	\$ 6
Mobile home titling tax	10,000	10,000	16,334	6,334
Games of skill	-	-	1,560	1,560
Taxes on deeds	15,000	15,000	-	(15,000)
Communications tax	39,200	39,200	36,721	(2,479)
Auto rental tax	-	-	1,264	1,264
State recordation tax	15,000	15,000	27,916	12,916
Personal property tax relief funds	677,907	677,907	677,907	-
Total noncategorical aid	\$ 757,107	\$ 757,107	\$ 761,708	\$ 4,601
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 180,799	\$ 180,799	\$ 180,529	\$ (270)
Sheriff	522,921	522,921	543,662	20,741
Commissioner of revenue	78,462	78,462	78,314	(148)
Treasurer	79,491	79,491	78,647	(844)
Registrar/electoral board	48,664	48,664	57,402	8,738
Clerk of the circuit court	206,489	206,489	197,696	(8,793)
Total shared expenses	\$ 1,116,826	\$ 1,116,826	\$ 1,136,250	\$ 19,424
Other categorical aid:				
Public assistance and welfare administration	\$ 522,769	\$ 522,769	\$ 443,112	\$ (79,657)
Fire programs fund	22,500	22,500	30,000	7,500
Children's services act	372,054	372,054	228,497	(143,557)
Wireless funds	40,000	40,000	54,603	14,603
Emergency medical services	8,125	8,125	-	(8,125)
Victim-witness grant	76,585	76,585	10,475	(66,110)
Radiological emergency preparedness grant	30,000	30,000	30,000	-
Tourism grant	-	40,000	29,202	(10,798)
Records preservation grant	-	108,778	22,368	(86,410)
Litter control	5,608	5,608	7,981	2,373
DMV grant	12,700	12,700	-	(12,700)
Rescue squads	-	-	8,168	8,168
Total other categorical aid	\$ 1,090,341	\$ 1,239,119	\$ 864,406	\$ (374,713)
Total categorical aid	\$ 2,207,167	\$ 2,355,945	\$ 2,000,656	\$ (355,289)
Total revenue from the Commonwealth	\$ 2,964,274	\$ 3,113,052	\$ 2,762,364	\$ (350,688)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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:				
Payments in lieu of taxes	\$ 360	\$ 360	\$ 382	\$ 22
Categorical aid:				
Public assistance and welfare administration	\$ 961,803	\$ 961,803	\$ 1,045,406	\$ 83,603
Criminal justice grant	-	-	11,671	11,671
Sheriff DMV grant	-	13,348	4,051	(9,297)
Justice assistance grant	-	2,958	-	(2,958)
Coronavirus emergency supplemental funding	-	-	9,095	9,095
Emergency management performance grant	-	-	24,577	24,577
Disaster assistance	-	-	26,810	26,810
ARPA	-	-	70,354	-
Total categorical aid	\$ 961,803	\$ 978,109	\$ 1,191,964	\$ 143,501
Total revenue from the federal government	\$ 962,163	\$ 978,469	\$ 1,192,346	\$ 143,523
Total General Fund	\$ 29,321,482	\$ 29,486,829	\$ 30,969,276	\$ 1,412,093
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30	\$ 30	\$ 73	\$ 43
Miscellaneous:				
Miscellaneous	\$ 11,700	\$ 111,700	\$ 102,348	\$ (9,352)
Total revenue from local sources	\$ 11,730	\$ 111,730	\$ 102,421	\$ (9,309)
Total Special Revenue Fund	\$ 11,730	\$ 111,730	\$ 102,421	\$ (9,309)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 26,191	\$ 26,191
Miscellaneous:				
Miscellaneous	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
Total revenue from local sources	\$ 200,000	\$ 200,000	\$ 26,191	\$ (173,809)
Categorical aid:				
Capital grants	\$ -	\$ 505,661	\$ 1,423,759	\$ 918,098
Total revenue from the Commonwealth	\$ -	\$ 505,661	\$ 1,423,759	\$ 918,098
Revenue from the federal government:				
Categorical aid:				
Recreational trails program	\$ -	\$ -	\$ 112,197	\$ 112,197
Total categorical aid	\$ -	\$ -	\$ 112,197	\$ 112,197
Total revenue from the federal government	\$ -	\$ -	\$ 112,197	\$ 112,197
Total County Capital Projects Fund	\$ 200,000	\$ 705,661	\$ 1,562,147	\$ 856,486
Total Primary Government	\$ 29,533,212	\$ 30,304,220	\$ 32,633,844	\$ 2,259,270
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	\$ -	\$ -	\$ 310	\$ 310
Miscellaneous:				
Miscellaneous	\$ 32,132	\$ 46,634	\$ 104,639	\$ 58,005
Total revenue from local sources	\$ 32,132	\$ 46,634	\$ 104,949	\$ 58,315
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Surry	\$ 12,636,545	\$ 12,636,545	\$ 12,427,963	\$ (208,582)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 925,679	\$ 925,679	\$ 1,158,026	\$ 232,347
Basic school aid	732,899	732,899	706,052	(26,847)
Remedial summer education	-	-	12,535	12,535
Gifted and talented	6,404	6,404	6,453	49
Special education	152,667	152,667	153,800	1,133
Textbook payment	13,236	13,236	10,783	(2,453)
Remedial education	29,189	29,189	29,410	221
Vocational education	66,305	66,305	66,224	(81)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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)				
Early reading intervention	4,266	4,266	9,954	5,688
School fringes	169,099	169,099	170,379	1,280
English as a second language	1,148	1,148	622	(526)
Technology	128,000	128,000	128,000	-
Mentor teacher program	675	675	754	79
Lottery payments	200,000	200,000	200,000	-
At risk payments	91,097	91,097	91,906	809
Primary class size	34,858	34,858	33,178	(1,680)
SOL algebra readiness	3,608	3,608	3,574	(34)
No loss	87,312	87,312	-	(87,312)
Restraint	-	-	700	700
At risk four-year olds	88,033	88,033	-	(88,033)
Virginia preschool initiative	-	-	67,241	67,241
Project graduation	3,106	3,106	3,090	(16)
Other state funds	61,921	61,921	84,337	22,416
Total categorical aid	\$ 2,799,502	\$ 2,799,502	\$ 2,937,018	\$ 137,516
Total revenue from the Commonwealth	\$ 2,799,502	\$ 2,799,502	\$ 2,937,018	\$ 137,516
Revenue from the federal government:				
Categorical aid:				
Title I	214,916	214,916	196,594	(18,322)
Title VI-B, special education flow-through	284,549	326,129	213,437	(112,692)
Vocational education	16,850	16,850	16,786	(64)
Title VI-B, special education pre-school	4,648	12,320	4,632	(7,688)
JROTC	72,000	72,000	77,419	5,419
Twenty-first Century Grant	184,500	289,250	202,433	(86,817)
ESSER	688,267	2,390,791	1,098,529	(1,292,262)
Coronavirus state and local fiscal recovery funds	-	200,000	200,000	-
Other federal funds	47,647	47,647	31,773	(15,874)
Total categorical aid	\$ 1,513,377	\$ 3,569,903	\$ 2,041,603	\$ (1,528,300)
Total revenue from the federal government	\$ 1,513,377	\$ 3,569,903	\$ 2,041,603	\$ (1,528,300)
Total School Operating Fund	\$ 16,981,556	\$ 19,052,584	\$ 17,511,533	\$ (1,541,051)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

<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:				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 9,960	\$ 9,960	\$ 21,627	\$ 11,667
Total charges for services	\$ 9,960	\$ 9,960	\$ 21,627	\$ 11,667
Total revenue from local sources	\$ 9,960	\$ 9,960	\$ 21,627	\$ 11,667
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 10,100	\$ 10,100	\$ 7,739	\$ (2,361)
Total categorical aid	\$ 10,100	\$ 10,100	\$ 7,739	\$ (2,361)
Total revenue from the Commonwealth	\$ 10,100	\$ 10,100	\$ 7,739	\$ (2,361)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 468,288	\$ 519,593	\$ 483,202	\$ (36,391)
P-EBT administrative costs grant	-	-	614	614
Commodities	25,000	25,000	27,779	2,779
Total categorical aid	\$ 493,288	\$ 544,593	\$ 511,595	\$ (32,998)
Total revenue from the federal government	\$ 493,288	\$ 544,593	\$ 511,595	\$ (32,998)
Total School Cafeteria Fund	\$ 513,348	\$ 564,653	\$ 540,961	\$ (23,692)
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 150,098	\$ 150,098
Total School Activity Fund	\$ -	\$ -	\$ 150,098	\$ 150,098
Total Discretely Presented Component Unit - School Board	\$ 17,494,904	\$ 19,617,237	\$ 18,202,592	\$ (1,414,645)

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 465,390	\$ 214,805	\$ 137,475	\$ 77,330
General and financial administration:				
County administrator	\$ 539,107	\$ 713,146	\$ 692,949	\$ 20,197
Reassessment	205,000	205,000	204,615	385
Legal services	101,000	101,000	97,549	3,451
Commissioner of revenue	238,669	243,554	236,189	7,365
Independent audit	50,709	50,709	40,095	10,614
Treasurer	306,223	314,079	299,500	14,579
Finance department	514,874	235,060	144,735	90,325
Information technology	425,400	636,671	634,273	2,398
Total general and financial administration	\$ 2,380,982	\$ 2,499,219	\$ 2,349,905	\$ 149,314
Board of elections:				
Electoral board and officials	\$ 175,418	\$ 177,231	\$ 171,174	\$ 6,057
Total general government administration	\$ 3,021,790	\$ 2,891,255	\$ 2,658,554	\$ 232,701
Judicial administration:				
Courts:				
Circuit court	\$ 20,500	\$ 26,700	\$ 26,628	\$ 72
General district court	50,093	51,657	48,759	2,898
Victim Witness	70,000	70,000	72,595	(2,595)
Clerk of the circuit court	339,872	346,877	302,294	44,583
Total courts	\$ 480,465	\$ 495,234	\$ 450,276	\$ 44,958
Commonwealth's attorney:				
Commonwealth's attorney	\$ 299,218	\$ 303,358	\$ 297,261	\$ 6,097
Total judicial administration	\$ 779,683	\$ 798,592	\$ 747,537	\$ 51,055
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,797,103	\$ 1,883,323	\$ 1,825,119	\$ 58,204
CARES funds	-	-	7,941	(7,941)
Virginia juvenile crime control act	12,973	13,981	13,614	367
Total law enforcement and traffic control	\$ 1,810,076	\$ 1,897,304	\$ 1,846,674	\$ 50,630
Fire and rescue services:				
Fire department/rescue services	\$ 802,914	\$ 881,914	\$ 863,402	\$ 18,512
Correction and detention:				
Confinement and care of prisoners	\$ 330,861	\$ 330,861	\$ 208,148	\$ 122,713

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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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	\$ 134,655	\$ 208,926	\$ 206,799	\$ 2,127
Other protection:				
Animal control	\$ 220,760	\$ 226,015	\$ 146,721	\$ 79,294
Emergency services	383,238	481,764	436,449	45,315
E-911 communications	100,031	102,461	99,288	3,173
Total other protection	\$ 704,029	\$ 810,240	\$ 682,458	\$ 127,782
Total public safety	\$ 3,782,535	\$ 4,129,245	\$ 3,807,481	\$ 321,764
Public works:				
Sanitation and waste removal:				
Sanitation	\$ 788,727	\$ 772,113	\$ 753,304	\$ 18,809
Litter control	5,607	5,701	5,372	329
Total sanitation and waste removal	\$ 794,334	\$ 777,814	\$ 758,676	\$ 19,138
Maintenance of general buildings and grounds:				
General properties	\$ 813,192	\$ 838,829	\$ 837,620	\$ 1,209
Total public works	\$ 1,607,526	\$ 1,616,643	\$ 1,596,296	\$ 20,347
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	\$ 70,120	\$ 70,120	\$ 62,748	\$ 7,372
Welfare:				
Public assistance and welfare administration	\$ 1,959,572	\$ 1,959,572	\$ 1,869,763	\$ 89,809
Children's services act	617,928	619,450	461,732	157,718
SSG improvement association	44,604	44,604	44,604	-
Workforce development	69,686	88,273	73,355	14,918
Office on youth	240,290	312,014	302,164	9,850
Total welfare	\$ 2,932,080	\$ 3,023,913	\$ 2,751,618	\$ 272,295
Total health and welfare	\$ 3,211,864	\$ 3,303,697	\$ 3,024,030	\$ 279,667

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 1,259	\$ 1,259	\$ 1,259	\$ -
Contribution to County School Board	12,636,545	12,636,545	12,427,963	208,582
Total education	\$ 12,637,804	\$ 12,637,804	\$ 12,429,222	\$ 208,582
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 336,276	\$ 286,438	\$ 221,343	\$ 65,095
Marina	115,900	115,900	94,592	21,308
Total parks and recreation	\$ 452,176	\$ 402,338	\$ 315,935	\$ 86,403
Library:				
Contribution to regional library	\$ 152,454	\$ 152,454	\$ 152,293	\$ 161
Total parks, recreation, and cultural	\$ 604,630	\$ 554,792	\$ 468,228	\$ 86,564
Community development:				
Planning and community development:				
Planning and zoning	\$ 440,450	\$ 413,466	\$ 385,697	\$ 27,769
Zoning board	3,534	3,534	928	2,606
Highway transportation safety commission	271	301	298	3
Planning district commission	6,673	6,673	6,180	493
Economic development	240,755	245,416	239,834	5,582
Tourism	138,954	160,828	149,879	10,949
Farmers market	17,898	17,898	10,848	7,050
Other planning and community development	842	842	27	815
Total planning and community development	\$ 849,377	\$ 848,958	\$ 793,691	\$ 55,267
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Total environmental management	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Cooperative extension program:				
Extension office	\$ 95,133	\$ 55,133	\$ 48,066	\$ 7,067
Total community development	\$ 954,510	\$ 914,091	\$ 851,757	\$ 62,334
Debt service:				
Principal retirement	\$ 1,510,000	\$ 1,510,000	\$ 1,510,000	\$ -
Interest and other fiscal charges	793,041	793,041	770,040	23,001
Total debt service	\$ 2,303,041	\$ 2,303,041	\$ 2,280,040	\$ 23,001
Total General Fund	\$ 29,022,115	\$ 29,267,892	\$ 27,863,145	\$ 1,404,747

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 93,830	\$ (82,100)
Economic development	80,000	587,000	507,000	80,000
Total community development	\$ 91,730	\$ 598,730	\$ 600,830	\$ (2,100)
Total Special Revenue Fund	\$ 116,730	\$ 623,730	\$ 600,830	\$ 22,900
County Capital Projects Fund:				
Capital projects:				
Record books cleaning	\$ -	\$ 108,778	\$ 22,368	\$ 86,410
Technology upgrades	78,500	128,500	31,654	96,846
Fleet vehicles	365,508	365,508	337,254	28,254
Broadband project	-	2,806,150	2,281,150	525,000
Rescue squad building	-	35,000	31,868	3,132
Marina project	-	-	500	(500)
Sanitation equipment	-	48,447	37,900	10,547
County capital projects	262,040	417,440	265,111	152,329
Radio system	50,000	555,661	28,220	527,441
VESTA hardware refresh	-	19,877	-	19,877
Animal shelter	-	190,037	1,249	188,788
Public safety radios	-	5,314,408	45,286	5,269,122
Grayland property	300,000	300,000	-	300,000
Fire equipment	565,000	565,000	548,763	16,237
Accounting system	1,000,000	1,150,000	-	1,150,000
School capital projects	-	915,169	27,635	887,534
Total capital projects	\$ 2,621,048	\$ 12,919,975	\$ 3,658,958	\$ 9,261,017
Total County Capital Projects Fund	\$ 2,621,048	\$ 12,919,975	\$ 3,658,958	\$ 9,261,017
Total Primary Government	\$ 31,759,893	\$ 42,811,597	\$ 32,122,933	\$ 10,688,664

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 1,046,878	\$ 1,135,151	\$ 1,124,938	\$ 10,213
Instruction costs	11,623,204	12,457,002	11,046,342	1,410,660
Districtwide technology	788,799	877,821	977,797	(99,976)
Pupil transportation	1,330,209	1,330,209	1,731,269	(401,060)
Operation and maintenance of school plant	2,169,258	3,229,193	2,607,979	621,214
Total operating costs	<u>\$ 16,958,348</u>	<u>\$ 19,029,376</u>	<u>\$ 17,488,325</u>	<u>\$ 1,541,051</u>
Total education	<u>\$ 16,958,348</u>	<u>\$ 19,029,376</u>	<u>\$ 17,488,325</u>	<u>\$ 1,541,051</u>
Debt service:				
Principal retirement	\$ 20,018	\$ 20,018	\$ 20,018	\$ -
Interest and other fiscal charges	3,190	3,190	3,190	-
Total debt service	<u>\$ 23,208</u>	<u>\$ 23,208</u>	<u>\$ 23,208</u>	<u>\$ -</u>
Total School Operating Fund	<u>\$ 16,981,556</u>	<u>\$ 19,052,584</u>	<u>\$ 17,511,533</u>	<u>\$ 1,541,051</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
School food services	\$ 488,348	\$ 539,653	\$ 495,063	\$ 44,590
Commodities	25,000	25,000	27,779	(2,779)
Total School Cafeteria Fund	<u>\$ 513,348</u>	<u>\$ 564,653</u>	<u>\$ 522,842</u>	<u>\$ 41,811</u>
School Activity Fund:				
Education:				
School activity funds:				
School Activity Funds	\$ -	\$ -	\$ 139,825	\$ (139,825)
Total school activity funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,825</u>	<u>\$ (139,825)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,825</u>	<u>\$ (139,825)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 17,494,904</u>	<u>\$ 19,617,237</u>	<u>\$ 18,174,200</u>	<u>\$ 1,443,037</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.

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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)

	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 3,321,023	\$ 4,482,211	\$ 4,678,557	\$ 5,764,238
Unrestricted	13,441,797	14,864,951	15,045,158	14,793,362
Total governmental activities net position	<u>\$ 16,762,820</u>	<u>\$ 19,347,162</u>	<u>\$ 19,723,715</u>	<u>\$ 20,557,600</u>
Business-type activities				
Net investment in capital assets	\$ 5,460,113	\$ 5,311,812	\$ 5,165,477	\$ 5,021,173
Unrestricted	(15,684)	(31,037)	(26,024)	(36,137)
Total business-type activities net position	<u>\$ 5,444,429</u>	<u>\$ 5,280,775</u>	<u>\$ 5,139,453</u>	<u>\$ 4,985,036</u>
Primary Government				
Net investment in capital assets	\$ 8,781,136	\$ 9,794,023	\$ 9,844,034	\$ 10,785,411
Unrestricted	13,426,113	14,833,914	15,019,134	14,757,225
Total Primary government net position	<u>\$ 22,207,249</u>	<u>\$ 24,627,937</u>	<u>\$ 24,863,168</u>	<u>\$ 25,542,636</u>

Table 1

2017	2018	2019	2020	2021	2022
\$ 6,655,370	\$ 9,400,418	\$ 11,006,048	\$ 17,192,612	\$ 14,515,163	\$ 15,815,687
15,856,084	14,275,872	14,250,518	9,208,214	8,326,325	8,583,340
\$ 22,511,454	\$ 23,676,290	\$ 25,256,566	\$ 26,400,826	\$ 22,841,488	\$ 24,399,027
\$ 5,409,740	\$ 450,268	\$ 425,407	\$ 400,546	\$ 3,711,920	\$ 3,601,514
(1,464)	(12,070)	(6,755)	(6,754)	18,108	45,820
\$ 5,408,276	\$ 438,198	\$ 418,652	\$ 393,792	\$ 3,730,028	\$ 3,647,334
\$ 12,065,110	\$ 9,850,686	\$ 11,431,455	\$ 17,593,158	\$ 18,227,083	\$ 19,417,201
15,854,620	14,263,802	14,243,763	9,201,460	8,344,433	8,629,160
\$ 27,919,730	\$ 24,114,488	\$ 25,675,218	\$ 26,794,618	\$ 26,571,516	\$ 28,046,361

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

	2013	2014	2015	2016
Expenses				
Governmental activities				
General government administration	\$ 1,647,559	\$ 1,584,521	\$ 1,991,967	\$ 2,132,002
Judicial administration	746,655	766,927	748,445	773,107
Public safety	3,316,803	3,193,870	3,328,127	2,918,282
Public works	1,061,654	1,153,265	87,783	1,413,326
Health and welfare	2,451,304	2,457,024	2,441,740	2,303,706
Community development	479,927	491,679	533,375	531,693
Parks, Recreation and cultural	562,994	899,221	576,999	1,176,469
Education	11,967,342	11,525,579	12,149,458	12,463,776
Interest and other financial charges	709,606	674,932	1,024,436	562,721
Total governmental activities	<u>\$ 22,943,844</u>	<u>\$ 22,747,018</u>	<u>\$ 22,882,330</u>	<u>\$ 24,275,082</u>
Business-type activities				
Water and Sewer	\$ 405,141	\$ 498,727	\$ 489,378	\$ 457,130
Total business-type activities	<u>\$ 405,141</u>	<u>\$ 498,727</u>	<u>\$ 489,378</u>	<u>\$ 457,130</u>
Total primary government expenses	<u><u>\$ 23,348,985</u></u>	<u><u>\$ 23,245,745</u></u>	<u><u>\$ 23,371,708</u></u>	<u><u>\$ 24,732,212</u></u>
Program Revenues				
Governmental activities				
Charges for services:				
General government administration	\$ 1,784	\$ 1,117	\$ 295	\$ 276
Judicial administration	91,304	90,461	69,629	45,947
Public safety	42,316	48,333	59,880	47,887
Public works	49,609	51,934	45,556	42,663
Parks, recreation and cultural	28,788	38,969	52,662	63,891
Community development	10,737	13,639	10,208	-
Operating grants and contributions	2,199,793	2,410,697	2,535,110	2,345,604
Capital Grants and contributions	672,973	59,671	20,805	322,950
Total governmental activities	<u>\$ 3,097,304</u>	<u>\$ 2,714,821</u>	<u>\$ 2,794,145</u>	<u>\$ 2,869,218</u>
Business-type activities				
Charges for services:				
Water and Sewer	\$ 60,427	\$ 50,812	\$ 197,263	\$ 134,154
Total business-type activities	<u>\$ 60,427</u>	<u>\$ 50,812</u>	<u>\$ 197,263</u>	<u>\$ 134,154</u>
Total primary government revenues	<u><u>\$ 3,157,731</u></u>	<u><u>\$ 2,765,633</u></u>	<u><u>\$ 2,991,408</u></u>	<u><u>\$ 3,003,372</u></u>

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2017	2018	2019	2020	2021	2022
\$ 1,917,740	\$ 1,964,276	\$ 2,078,003	\$ 2,136,398	\$ 2,999,747	\$ 3,217,674
888,575	873,741	911,831	1,008,861	1,112,591	1,039,743
3,290,894	3,606,834	3,577,148	4,006,059	3,816,148	4,333,212
1,557,463	1,422,039	1,640,550	1,467,102	1,911,937	1,675,724
2,320,721	2,302,899	2,379,011	3,115,050	3,727,137	2,958,383
1,018,108	516,728	1,265,986	813,042	3,778,239	12,616,856
(139,681)	632,537	722,787	684,751	646,076	574,238
12,055,007	13,088,905	12,362,185	13,195,678	12,094,027	3,774,168
538,332	505,507	634,730	650,388	1,185,422	544,011
\$ 23,447,159	\$ 24,913,466	\$ 25,572,231	\$ 27,077,329	\$ 31,271,324	\$ 30,734,009
\$ 521,937	\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972	\$ 289,489
\$ 521,937	\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972	\$ 289,489
\$ 23,969,096	\$ 30,044,930	\$ 25,733,806	\$ 27,267,620	\$ 31,550,296	\$ 31,023,498
\$ 16,429	\$ 14,928	\$ 145	\$ 186	\$ 123	\$ 208
66,032	43,015	67,947	38,646	44,978	51,881
58,176	62,557	267,105	235,428	281,273	391,453
35,100	39,897	25,908	7,694	13,971	10,792
31,916	20,837	22,677	16,943	690	17,768
-	-	-	-	-	-
2,586,006	2,619,000	2,538,393	2,976,278	3,929,094	3,192,620
-	-	-	967,420	950,313	1,535,956
\$ 2,793,659	\$ 2,800,234	\$ 2,922,175	\$ 4,242,595	\$ 5,220,442	\$ 5,200,678
\$ 150,495	\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038	\$ 69,624
\$ 150,495	\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038	\$ 69,624
\$ 2,944,154	\$ 2,864,720	\$ 2,981,014	\$ 4,298,411	\$ 5,270,480	\$ 5,270,302

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

	2013	2014	2015	2016
Net (Expense)/Revenue				
Governmental activities	\$ (19,846,540)	\$ (20,032,197)	\$ (20,088,185)	\$ (21,405,864)
Business-type activities	(354,329)	(429,307)	(292,115)	(322,976)
Total primary government net expense	\$ (20,200,869)	\$ (20,461,504)	\$ (20,380,300)	\$ (21,728,840)

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes

Property taxes	\$ 20,724,814	\$ 21,177,468	\$ 20,966,352	\$ 20,744,418
Other local taxes	742,671	755,736	644,424	706,543
Investment earnings	98,183	90,225	94,049	154,325
Miscellaneous	32,331	92,072	55,082	54,442
Non-categorical aid from the Commonwealth	778,690	766,691	771,419	769,719
Transfers	(207,251)	(265,653)	(150,793)	(168,559)
Total governmental activities	\$ 22,169,438	\$ 22,616,539	\$ 22,380,533	\$ 22,260,888

Business-type activities

Capital contributions	\$ -	\$ -	\$ -	\$ -
Transfers	207,251	265,653	150,793	168,559
Total business-type activities	\$ 207,251	\$ 265,653	\$ 150,793	\$ 168,559
Total primary government	\$ 22,376,689	\$ 22,882,192	\$ 22,531,326	\$ 22,429,447

Changes in Net Position

Governmental activities	\$ 2,322,898	\$ 2,584,342	\$ 2,292,348	\$ 855,024
Business-type activities	(147,078)	(163,654)	(141,322)	(154,417)
Total primary government	\$ 2,175,820	\$ 2,420,688	\$ 2,151,026	\$ 700,607

Table 2
Page 2 of 2

2017	2018	2019	2020	2021	2022
\$ (20,653,500)	\$ (22,113,232)	\$ (22,650,056)	\$ (22,834,734)	\$ (26,050,882)	\$ (25,533,331)
(371,442)	(5,066,978)	(102,736)	(134,475)	(228,934)	(219,865)
\$ (21,024,942)	\$ (27,180,210)	\$ (22,752,792)	\$ (22,969,209)	\$ (26,279,816)	\$ (25,753,196)

\$ 21,725,342	\$ 21,766,374	\$ 21,551,518	\$ 22,140,946	\$ 22,939,954	\$ 24,601,918
610,920	780,408	1,126,200	1,118,145	1,057,335	1,445,077
226,484	368,134	701,171	452,566	190,882	165,171
70,236	164,975	156,952	315,529	925,865	324,139
769,054	776,502	777,681	761,013	787,825	762,090
(794,682)	(96,900)	(83,190)	(109,615)	(143,390)	(137,171)
\$ 22,607,354	\$ 23,759,493	\$ 24,230,332	\$ 24,678,584	\$ 25,758,471	\$ 27,161,224

\$ -	\$ -	\$ -	\$ -	\$ 154,853	\$ -
794,682	96,900	83,190	109,615	143,390	137,171
\$ 794,682	\$ 96,900	\$ 83,190	\$ 109,615	\$ 298,243	\$ 137,171
\$ 23,402,036	\$ 23,856,393	\$ 24,313,522	\$ 24,788,199	\$ 26,056,714	\$ 27,298,395

\$ 1,953,854	\$ 1,646,261	\$ 1,580,276	\$ 1,843,850	\$ (292,411)	\$ 1,627,893
423,240	(4,970,078)	(19,546)	(24,860)	69,309	(82,694)
\$ 2,377,094	\$ (3,323,817)	\$ 1,560,730	\$ 1,818,990	\$ (223,102)	\$ 1,545,199

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

	2013	2014	2015	2016
General fund				
Committed	\$ 5,536,834	\$ 5,690,518	\$ 5,889,072	\$ 4,480,761
Unassigned	8,093,311	10,678,611	12,593,041	13,442,281
Total general fund	<u>\$ 13,630,145</u>	<u>\$ 16,369,129</u>	<u>\$ 18,482,113</u>	<u>\$ 17,923,042</u>
All other governmental funds				
Committed	\$ 1,638,403	\$ 299,867	\$ 3,620,347	\$ 2,254,813
Assigned	3,973	19,170	29,403	35,567
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,642,376</u>	<u>\$ 319,037</u>	<u>\$ 3,649,750</u>	<u>\$ 2,290,380</u>

Table 3

2017	2018	2019	2020	2021	2022
\$ 6,509,370	\$ 7,372,426	\$ 9,900,350	\$ 11,093,362	\$ 8,130,065	\$ 12,313,115
12,813,118	12,783,307	10,494,377	7,881,289	10,096,160	7,077,703
\$ 19,322,488	\$ 20,155,733	\$ 20,394,727	\$ 18,974,651	\$ 18,226,225	\$ 19,390,818
\$ 1,576,782	\$ -	\$ 3,302,030	\$ 520,373	\$ 6,579,075	\$ 5,879,658
42,611	42,785	36,094	36,094	52,729	-
-	(618,860)	-	(758,567)	-	(38,707)
\$ 1,619,393	\$ (576,075)	\$ 3,338,124	\$ (202,100)	\$ 6,631,804	\$ 5,840,951

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

	2013	2014	2015	2016
Revenues				
General property taxes	\$ 21,012,899	\$ 21,140,727	\$ 21,119,861	\$ 20,939,138
Other local taxes	742,671	755,736	644,424	706,543
Permits, privilege fees and licenses	42,017	48,034	59,555	37,354
Fines and Forfeitures	49,350	49,826	30,963	20,043
Revenue from use of money & property	98,183	90,225	94,049	154,325
Charges for services	133,171	146,593	147,712	143,267
Miscellaneous	32,331	92,072	55,082	54,442
Recovered costs	886	229	700	29,588
Commonwealth of Virginia	2,732,108	2,196,137	2,316,990	2,173,971
Federal Government	919,348	1,040,922	1,010,344	1,264,302
Total revenues	\$ 25,762,964	\$ 25,560,501	\$ 25,479,680	\$ 25,522,973
Expenditures				
General government administration	\$ 1,357,725	\$ 1,388,887	\$ 1,411,117	\$ 1,655,003
Judicial administration	415,237	434,476	436,324	476,120
Public Safety	3,015,476	2,927,342	3,031,347	2,968,027
Public works	983,123	1,067,715	1,164,473	1,290,413
Health and welfare	2,422,570	2,423,793	2,417,346	2,340,943
Education	11,766,080	11,380,579	11,758,980	12,145,887
Community development	538,068	461,795	688,660	694,471
Parks, recreation and cultural	455,404	669,741	518,254	521,082
Capital projects	1,010,776	1,472,333	2,245,537	3,288,574
Debt service:				
Principal	922,469	959,102	13,339,050	1,045,000
Interest and other fiscal charges	727,346	693,440	1,190,219	847,335
Total Expenditures	\$ 23,614,274	\$ 23,879,203	\$ 38,201,307	\$ 27,272,855
Revenues over (under) expenditures	\$ 2,148,690	\$ 1,681,298	\$ (12,721,627)	\$ (1,749,882)
Other financing sources (uses)				
Transfers in	\$ 25,345	\$ 62,906	\$ -	\$ 1,549,848
Transfers out	(232,596)	(328,559)	(150,793)	(1,718,407)
Issuance of bonds	-	-	18,316,117	-
Bond issuance premium	-	-	-	-
Payment to refunding bond agent	-	-	-	-
Total other financing sources (uses)	\$ (207,251)	\$ (265,653)	\$ 18,165,324	\$ (168,559)
Net change in fund balances	\$ 1,941,439	\$ 1,415,645	\$ 5,443,697	\$ (1,918,441)
Debt service as a percentage of noncapital expenditures	7.22%	7.30%	39.61%	7.78%

Table 4

2017		2018		2019		2020		2021		2022	
\$	21,692,941	\$	21,670,403	\$	21,600,237	\$	22,023,784	\$	23,138,148	\$	24,660,651
	610,920		780,408		1,126,200		1,118,145		1,057,335		1,445,077
	39,843		49,723		57,890		38,408		79,962		185,901
	43,375		34,210		59,254		31,272		35,900		42,752
	226,484		368,134		701,171		452,566		190,882		175,664
	124,435		97,301		266,638		229,217		225,173		243,449
	70,236		164,975		156,952		315,529		925,865		324,139
	20,149		95,520		23,781		35,967		58,622		65,545
	2,410,290		2,466,263		2,394,276		2,629,458		3,585,365		4,186,123
	944,770		929,239		921,798		2,075,253		2,081,867		1,304,543
\$	26,183,443	\$	26,656,176	\$	27,308,197	\$	28,949,599	\$	31,379,119	\$	32,633,844
\$	1,433,635	\$	1,655,924	\$	1,815,006	\$	1,858,332	\$	2,030,298	\$	2,658,554
	570,201		565,128		625,561		660,930		707,203		747,537
	3,054,207		3,289,980		3,398,314		3,543,384		3,557,728		3,807,481
	1,510,054		1,407,940		1,554,097		1,564,133		1,650,682		1,596,296
	2,279,521		2,301,035		2,433,879		3,029,935		3,573,667		3,024,030
	11,871,307		12,758,905		12,138,405		12,106,306		11,926,855		12,429,222
	563,922		597,532		692,578		628,855		1,896,200		468,228
	524,311		504,458		773,470		755,205		515,986		1,452,587
	954,910		2,948,838		4,236,211		7,554,938		3,456,744		3,658,958
	1,085,000		1,125,000		1,055,000		1,165,000		1,225,000		1,510,000
	813,234		766,759		840,248		933,265		2,282,753		770,040
\$	24,660,302	\$	27,921,499	\$	29,562,769	\$	33,800,283	\$	32,823,116	\$	32,122,933
\$	1,523,141	\$	(1,265,323)	\$	(2,254,572)	\$	(4,850,684)	\$	(1,443,997)	\$	510,911
\$	80,000	\$	428,097	\$	1,490,945	\$	2,778,618	\$	3,661,588	\$	1,804,367
	(874,682)		(524,997)		(1,574,135)		(2,888,233)		(3,804,978)		(1,941,538)
	-		-		5,875,000		-		14,830,000		-
	-		-		615,955		-		847,865		-
	-		-		-		-		(8,005,000)		-
\$	(794,682)	\$	(96,900)	\$	6,407,765	\$	(109,615)	\$	7,529,475	\$	(137,171)
\$	728,459	\$	(1,362,223)	\$	4,153,193	\$	(4,960,299)	\$	6,085,478	\$	373,740
	7.97%		7.43%		7.27%		7.65%		11.12%		7.68%

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

Table 5

Taxpayer	2022			2013		
	Rank	Assessed Valuation (1)	Percentage of Total Assessed Valuation	Rank	Assessed Valuation (2)	Percentage of Total Assessed Valuation
Dominion VEPCO	1	\$ 2,021,240,719	61.83%	1	\$ 1,757,457,672	66.02%
Spring Grove Solar LLC	2	31,497,400	0.96%		-	0.00%
Schorsch/Meadow Court Trust/Swanns Point LLC/YMIS LLC	3	23,010,400	0.70%	3	9,789,600	0.37%
Beechland Farms/Alliance Farms/Bacons Castle LLC/Colonial Ag/Cheriton Farms/Berryman	4	11,150,800	0.34%	9	5,789,500	0.22%
Wanro LLC/Claremont LLC/Montclare LLC	5	10,987,300	0.34%	2	11,122,800	0.42%
Prince George Electric Cooperative	6	10,726,900	0.33%	6	8,434,928	0.32%
Smithfield Hog Production/Smithfield-Carrolls	7	8,306,400	0.25%	5	8,813,100	0.33%
John Hancock Mutual Life Insurance	8	7,101,500	0.22%	14	3,861,200	0.15%
Timbervest Partners (III) of VA LLC	9	6,455,100	0.20%		-	0.00%
Windsor Mill	10	6,213,100	0.19%	11	4,764,500	0.18%
Andrews Acres LLC/Andrews Acres II LLC/Andrews	11	4,688,800	0.14%		-	0.00%
Columbia Gas Transmission	12	4,426,204	0.14%		-	0.00%
Brandon & Brandon LLC/Sussex Surry LLC/Brandon Trust	13	3,533,700	0.11%		-	0.00%
Verizon South	14	3,221,635	0.10%	10	4,778,365	0.18%
Swann's Point Farm, LLC		-	0.00%	4	8,971,800	0.34%
Alpha Forest Association, Inc.		-	0.00%	7	6,165,100	0.23%
Grayland/Gray Lumber Co.		-	0.00%	8	6,066,800	0.23%
Sussex-Surry LLC		-	0.00%	12	4,522,700	0.17%
Four Mile Tree LLC		-	0.00%	13	4,032,500	0.15%
		<u>\$ 2,152,559,958</u>	<u>65.84%</u>		<u>\$ 1,844,570,565</u>	<u>69.29%</u>
Total Assessed Valuation of RE		<u>\$ 3,269,226,883</u>	<u>100.00%</u>		<u>\$ 2,662,002,981</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
2022	\$ 24,602,613	\$ 24,265,537	98.63%	\$ -	24,602,613	\$ -	24,265,537	98.63%
2021	22,639,708	22,617,499	99.90%	-	22,639,708	-	22,617,499	99.90%
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%

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
2022	\$ 1,070,814,100	\$ 41,913,800	\$ 1,112,727,900	\$ 0.72	\$ 1,112,727,900	100.00% (2)
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)

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

Table 8

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2022	\$ 67,990,827	\$ 2,398,886	\$ 685	\$ 1,995,996,993	\$ 2,066,387,391
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

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.

FY 2021 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)
2022	\$ 1,419,388	\$ -	\$ 22,536,700	\$ -	\$ -	\$ 23,956,088	**	N/A
2021	1,582,872	-	24,095,460	-	-	25,678,332	7.58%	\$ 51,892
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

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
2022	\$ 1,419,388	\$ 22,536,700	\$ 23,956,088	**	**
2021	1,582,872	24,095,460	25,678,332	3,932	2.66%
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%

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 %
2022	**	**	**	630	3.1%
2021	6,530	51,892	338,854,000	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%

Notes: (1) Bureau of Economic Analysis
(2) Virginia Department of Education
(3) Virginia Labor Market Information (LMI)
**Information Unavailable

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

Table 12

Employer	Fiscal Year 2022			Fiscal Year 2013	
	Employees	Rank	% of Total Employment	Employees	Rank
Dominion Virginia Power	500-999	1	40.76%	500-999	1
Surry County School Board	250-499	2	20.38%	250-499	2
The Atlantic Group Inc.	50-99	3	4.08%	100-249	3
Surry County	100-249	4	9.51%	50-99	4
Windsor Mill	50-99	5	4.08%	20-49	7
Virginia Department of Transportation	50-99	6	4.08%	50-99	5
Brock Services LLC	50-99	7	4.08%		
The Surry Seafood Company	20-49	8	1.90%		
Dominion Resources	20-49	9	1.90%	20-49	9
Surry County Department of Social Services	20-49	10	1.90%	20-49	8
Spring Grove Timber And Mat	20-49	11	1.90%		
Virginia Department of Conservation	20-49	12	1.90%	10-19	12
Seward Lumber Company Inc.	10-19	13	1.90%	20-49	10
Glen Court	10-19	14	1.90%		
Dolgencorp LLC	10-19	15	1.90%		
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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government:										
County Administration	4.8	4.0	4.0	3.3	3.9	3.9	3.9	4.0	4.0	4.0
Commissioner of the Revenue	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.7	3.6
Treasurer	3.7	3.7	3.7	3.7	3.7	4.0	4.0	4.6	5.2	4.5
Finance	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Information Technologies	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar	2.0	1.6	1.6	1.6	1.6	1.6	1.6	1.4	1.4	1.8
Total General Government	20.7	16.5	16.5	15.8	15.4	15.7	15.7	16.2	17.3	16.9
Judicial Administration:										
Clerk of the Circuit Court	4.0	3.4	3.4	3.4	3.4	3.3	3.3	3.5	3.3	3.6
General District Court	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.0	2.0
Victim Witness	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5
Commonwealth Attorney	2.8	2.8	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Total Judicial Administration	10.1	9.5	8.7	8.7	8.7	8.6	8.6	7.5	7.3	7.6
Public Safety:										
Sheriff's Office	29.3	28.3	27.3	27.3	27.3	26.3	26.3	24.4	22.1	25.2
Fire and Emergency Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.1	2.1	2.1
Animal Control	2.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Total Public Safety	34.9	34.3	33.3	33.3	33.3	32.3	32.3	29.5	26.2	29.3
Public Works:										
Sanitation	12.1	12.1	13.4	14.4	14.4	14.4	12.7	10.0	4.4	14.7
Maintenance	7.0	7.0	6.0	4.7	4.7	4.7	4.7	5.0	5.6	5.0
Total Public Works	19.1	19.1	19.4	19.1	19.1	19.1	17.4	15.0	10.0	19.7
Office on Youth:										
Office on Youth	4.0	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6	5.1
Total Office on Youth	4.0	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6	5.1
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	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0	6.0
Total Parks, Recreation and Cultural	5.0	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0	6.0
Community Development										
Planning/Environmental/Permitting	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0	5.0
Economic Development	4.4	4.4	1.5	2.0	0.1	0.1	0.1	N/A	N/A	N/A
Tourism	0.0	0.0	1.6	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	3.0	4.0	4.0	5.0
Total Community Development	14.4	14.4	12.1	11.0	9.1	9.1	9.1	9.0	10.0	12.0
Total	131.2	126.8	125.4	123.3	121.0	120.2	118.5	111.2	104.4	119.6

Source: Payroll Clerk

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

Table 14

		Fiscal Year									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety (1)	Number of calls answered	377	295	239	331	318	189	321	276	267	332
Community Development (2)	Residential building permits	365	295	233	307	219	217	255	208	172	87
	Commercial building permits	13	5	2	2	5	3	2	7	8	4
Parks & Recreation (3)	Program participants	7,768	986	14,592	20,150	20,144	19,850	19,850	18,500	18,500	18,123
Sewer (4)	Service connections	N/A	N/A	N/A	N/A	N/A	N/A	141	155	139	141
	Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120	13,047

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sheriff's Office (1)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Physical arrests	64	173	155	170	170	170	164	144	166	223
Patrol units	15	15	14	14	14	14	14	13	14	20
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	3	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	N/A	141	155	139	141
Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120	13,047
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	37	40	42	40	35	38	35	33	35	39

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, 2022, 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 8, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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. Clark", followed by a long horizontal line.

Richmond, Virginia
December 8, 2022

**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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Richmond, Virginia
December 8, 2022

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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:			
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110121/1110122	\$ 156
Title IV-E Prevention Program	93.472	1140122	2,083
Temporary Assistance for Needy Families	93.558	0400121/0400122	147,235
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	15,326
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500121/0500122	726
Low-Income Home Energy Assistance	93.568	0600421/060042	26,094
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760121/0760122	32,552
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	349
Foster Care - Title IV-E	93.658	1100121/1100122	90,474
Adoption Assistance	93.659	1120121/1120122	23,910
Social Services Block Grant	93.667	1000121/1000122	191,967
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121/9150122	1,355
Elder Abuse Prevention Interventions Program	93.747	8000221	15,836
Children's Health Insurance Program	93.767	0540121/0540122	1,525
Medical Assistance Program (Medicaid Cluster)	93.778	1200121/1200122	172,187
Total Department of Health and Human Services			\$ 721,775
U.S. Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	77602	\$ 26,810
COVID-19 - Emergency management performance grant	97.042	77501	24,577
Total U. S. Department of Homeland Security			\$ 51,387
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	Unavailable	\$ 9,095
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	11,671
Total Department of Justice			\$ 20,766
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Virginia Department of Motor Vehicles State and Community Highway Safety (Highway Safety Cluster)	20.600	Unavailable	\$ 4,051
Virginia Department of Conservation and Recreation:			
Recreational Trails Program	20.219	Unavailable	\$ 112,197
Total Department of Transportation			\$ 116,248
Department of the Defense:			
Direct Payments:			
Junior ROTC	12.U01	N/A	\$ 77,419
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Education:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unavailable	\$ 8,351
Virginia Department of Agriculture and Consumer Services:			
Food Distribution - National School Lunch Program (Child Nutrition Cluster)	10.555	Unavailable	\$ 27,779
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	17901- 40623	295,704
School Breakfast Program (Child Nutrition Cluster)	10.553	17901- 40591	\$ 127,841
Total Child Nutrition Cluster			\$ 459,675

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Virginia Department of Agriculture and Consumer Services: Pandemic (P-EBT) Administrative Cost Grants	10.649	17901-86556	\$ 614
Virginia Department of Social Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010109/ 90103	\$ 323,632
Total Department of Agriculture			\$ 783,921
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unavailable	\$ 70,354
Virginia Department of Education: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unavailable	200,000
			\$ 270,354
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	17901- 42901	\$ 196,594
Special Education - Grants to States (Special Education Cluster)	84.027	17901- 43071	213,437
Special Education - Preschool Grants (Special Education Cluster)	84.173	17901- 62521	4,632
Total Special Education Cluster			\$ 218,069
Career and Technical Education - Basic Grants to States	84.048	17901- 61095	\$ 16,786
Twenty-First Century Community Learning Centers	84.287	17901- 60565	202,433
Supporting Effective Instruction State Grants	84.367	17901- 61480	31,773
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425C	Unavailable	\$ 65,327
COVID-19 - ARPA - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	Unavailable	282,527
COVID-19 - CARES Act - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Unavailable	801,980
Total 84.425			1,149,834
Total Department of Education			\$ 1,815,489
Total Expenditures of Federal Awards			\$ 3,857,359

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, 2022

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, 2022. 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	\$ 1,192,346
County Capital Projects Fund	112,197
Total primary government	<u>\$ 1,304,543</u>

Component Unit School Board:

School Operating Fund	\$ 2,041,603
School Cafeteria Fund	511,595
Total component unit school board	<u>\$ 2,553,198</u>

Total federal expenditures per basic financial statements	\$ 3,857,741
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Less: Payment in Lieu of Taxes	<u>382</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,857,359</u></u>
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County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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)
84.425

Name of Federal Program or Cluster
COVID-19 - Elementary and Secondary School Emergency 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, 2022

There were no prior year findings.