

SURRY COUNTY, VIRGINIA

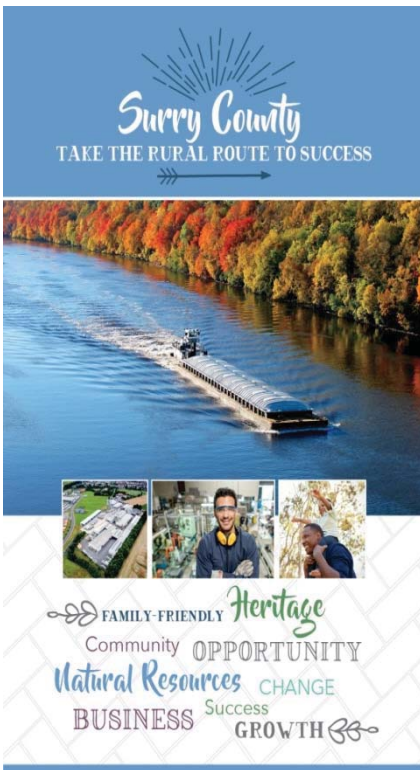


COMPREHENSIVE ANNUAL FINANCIAL REPORT

Prepared by the Department of Finance

FOR THE FISCAL PERIOD ENDED
JUNE 30, 2020

Opportunity ➤ *Growth* ➤ *Community*



INTRODUCTORY SECTION

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COUNTY OF SURRY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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COUNTY OF SURRY, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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COUNTY OF SURRY, VIRGINIA

AS OF JUNE 30, 2020

Board of Supervisors

Robert Elliott, Chairperson

Timothy Calhoun
Michael H. Drewry

Kenneth R. Holmes
Judy S. Lyttle

Social Services Board

Allen T. Parson, Sr., Chairperson

Juanita Parker
Honorable Kenneth R. Holmes

Marie Pierce
Linda B. Ellis
Eunice Gay

County School Board

Laura P. Ruffin, Chairperson

Elsie M. Dennis
Valencia Jones Williams

Faye C. Perkins
Dr. Marion H. Wilkins

Other Officials

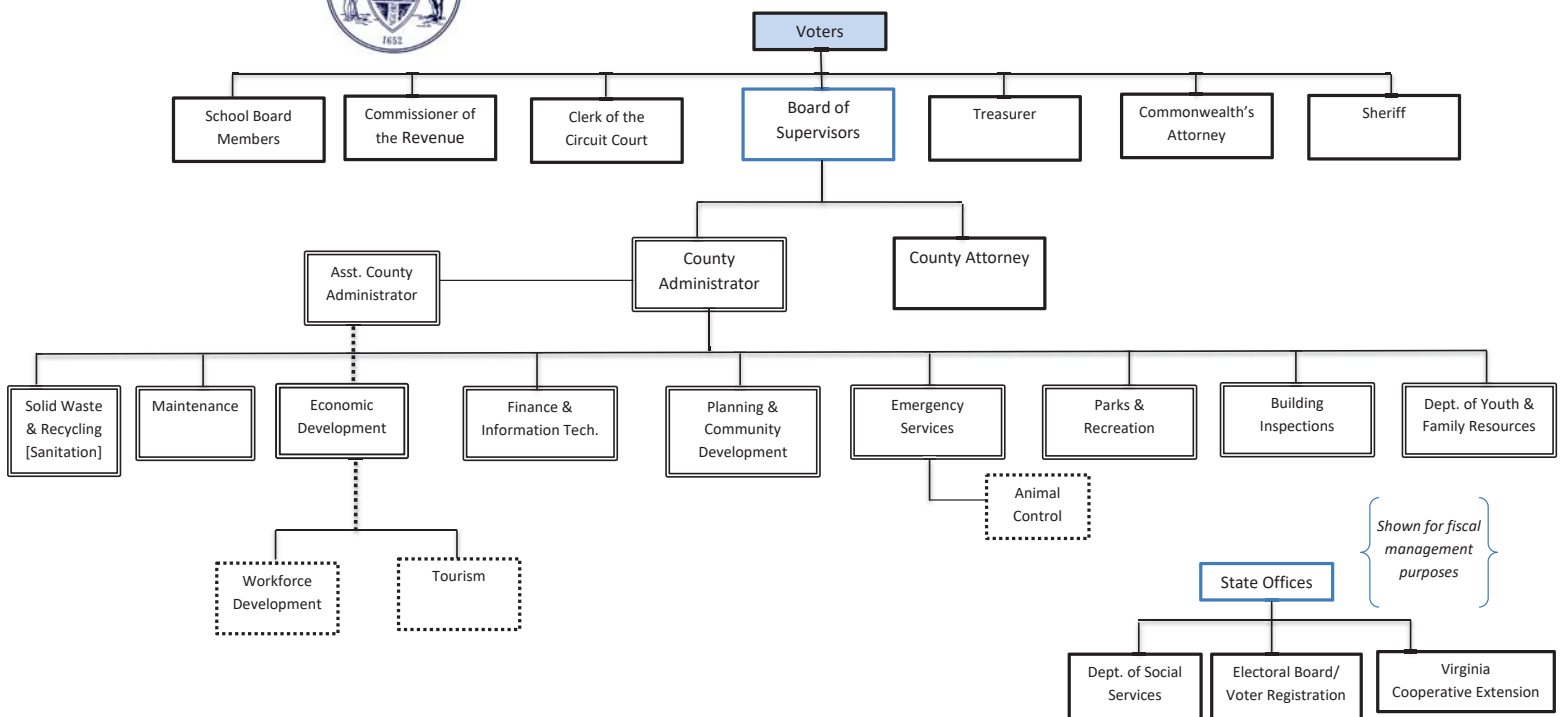
Judge of the Circuit Court
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator
Judge of the General District Court
Judge of the Juvenile and Domestic Relations Court
County Attorney

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

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Surry County, Virginia Organization Chart



Revised January 1, 2019

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Surry County
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrell

Executive Director/CEO

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

Samuel Argall, ca. 1609

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

Carol Swindell

Interim Director of Finance

Telephone: (757) 294-5271

Fax: (757) 294-5204

Email: cswindell@surrycountyva.gov

December 11, 2020

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

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Surry County (the "County") for the fiscal year ended June 30, 2020. 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, 2020 has been completed and no material internal control weaknesses or material violations of laws and regulations have been identified.

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

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

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

Profile of the Government and its Services

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

The County provides a range of municipal services including education, public safety (sheriff, animal control, building inspections, emergency services, volunteer fire departments and paid/volunteer rescue services), parks, recreation & cultural activities, public works, health and welfare administration, planning & community development and general administrative services. In January 2015 the County accepted ownership of the Town of Dendron's water system. Therefore, the County now provides sewer and water services to approximately 137 residential and commercial customers in the Town of

Dendron and 3 commercial customers in the Town of 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 increased to 7.5% in June 2020 from its 2019 level of 3.9% but was below the high of 9.3% in 2010. 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.

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

Long-Term Financial Planning

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

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

Multi-Year Initiatives and Capital Projects

Water System: The Water System upgrade in the Town of Dendron was near completion at the end of June 30, 2020. The project included construction of a new 250,000 gallon elevated storage tank, upgrades to the well site and distribution system improvements. Distribution system improvements included the replacement of approximately 14,000 square feet of existing water line with new 6" and 8" water lines, new valves, service connections, water meters and fire hydrants. This will serve approximately 155 residents and a catalyst to economic opportunities that will warrant water and sewer infrastructure.

Rescue Squad Building: The Surry Volunteer Rescue Squad & Emergency Operations Center building near completion at June 30, 2020 opened to staff in July 2020. The new facility also serves as the new Command Center for Dominion supported activities such as the VOPEX drill. The total County

project cost is projected to be \$4.4 million and was funded through long-term debt issued in 2014 and 2018 through the Virginia Resources Authority. Dominion Energy provided a contribution in the amount of \$150,000. Emergency Communication Dispatchers will relocate to the facility in FY 20-21 from the Sheriff's Office and the Surry Volunteer Rescue Squad will occupy the facility in the first quarter of FY 20-21.

Grays Marina: The Gray's Point Park/Marina spans approximately 18 acres and is the county's first public access to deep water. The construction of a boat ramp, fixed dock and parking area was completed in FY15. The Surry Seafood Company, the marina restaurant, opened in the spring of 2017. The final phase of construction for the marina itself, which includes the bath house building is scheduled to be completed in FY20. In FY 20, project close-out was completed with the reimbursement of eligible expenses in the amount of \$967,000 from the Boating Infrastructure Grant.

Economic Overview

The County has taken positive steps toward the promotion of economic development and further plans to maximize the economic potential of its proximity to two major metropolitan areas- Richmond and Hampton Roads, major military research centers, airports, railroad, and the Port of Virginia (25 miles of navigable shoreline links businesses to the ports of Hampton Roads and Richmond) all of which makes Surry an ideal location for business and industry. Improving the quality of life for residents and the business community require a commitment to long-term strategies for economic development. Broadband expansion and investment in utility and other infrastructure continue to be at the forefront of economic development enhancements. Health and wellness will be an integral component of enhancing the economic and social well-being of the entire County. County leadership has proactively undertaken steps to better position Surry for economic growth opportunities:

- *Food Access Opportunity: The County will seek opportunities to apply for grant funding from the Obici Healthcare Foundation and other partners under programs and guidelines aimed to provide Surry County residents with better access to healthy food.*
- *Business Location to the Surry West Business Park: Announced in 2019, Strata Solar purchased approximately 4.23 acres, a portion of the Land for use a warehouse and maintenance facility that will create approximately 40 Electrical and Landscaping Technician jobs.*
- *Completion of the Surry County Farmers Market Pavilion: The grand opening of the Pavilion took place in October 2019. The facility will serve as a huge asset used to attract vendors, farmers and community patrons with the desire outcome of promoting healthier lifestyles by exposing citizens to health food options. It is also will serve as a space to increase community engagement and support of the local farming community.*

- *HEAL (Healthy Eating Active Living) County: Surry is a member of the Healthy Eating Active Living (HEAL) Campaign which helps harness the power of local governments to advance health equity through resolutions with policy goals for general plans, land use, healthy food access and work site wellness. The goal is to create communities and neighborhoods where physical, social and economic conditions make health a reality for all people. At the core, we continue to engage local government leaders to champion good health by adopting policy and promoting opportunities for residents and municipal employees.*
- *COVID 19 Response: In response to these challenging times in the community, the Board of Supervisors appropriated \$20,000.00 to the Economic Development Authority for the purpose of administering the first Surry County Small Business COVID-19 Relief Grant; funds were distributed to 10 eligible County businesses adversely impacted by the COVID 19 pandemic.*
- *2020 Virginia Telecommunications Initiative Grant Application Awarded - In Partnership with Prince George Electric Cooperative Enterprises, LLC, the County submitted to the Virginia Department of Housing & Community Development a \$2.25 million grant to support the deployment of Broadband Service in the underserved areas of the County. The project is an extension of the Ruralband fiber to the home project. The County's local match commitment is \$2.25 million.*

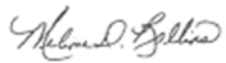
Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. 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 seven years (fiscal years ended 2012-2019). We believe that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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



Melisa D. Rollins
County Administrator



Carol O. Swindell
Interim Director of Finance

FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Surry, Virginia, as of June 30, 2020, 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.

Restatement of Beginning Balances

As described in Note 22 to the financial statements, in 2020, the County restated beginning balances to reflect the transfer of assets recorded as Governmental Activities construction in progress to the School Board. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-11, 82, and 83-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Other Information

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

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2020, on our consideration of County of Surry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Surry, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Surry, Virginia's internal control over financial reporting and compliance.

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

Richmond, Virginia
November 27, 2020

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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, 2020. 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, expenditures 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 and sewer 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, 2020 exceeded liabilities and deferred inflows of resources by \$25.3 million, while business assets exceeded liabilities by \$5.4 million. The following table provides comparative information on the County's net position as of June 30, 2019 and June 30, 2020.

County of Surry, Virginia's Net Assets

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|---------------|--------------------------|------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 21,221,811 | \$ 26,734,537 | \$ 23,118 | \$ 19,097 | \$ 21,244,929 | \$ 26,753,634 |
| Capital assets | 30,135,884 | 25,519,141 | 400,546 | 425,407 | 30,536,430 | 25,944,548 |
| Total assets | \$ 51,357,695 | \$ 52,253,678 | \$ 423,664 | \$ 444,504 | \$ 51,781,359 | \$ 52,698,182 |
| Pension related items | \$ 1,057,169 | \$ 713,834 | \$ - | \$ - | \$ 1,057,169 | \$ 713,834 |
| OPEB related items | 83,961 | 45,572 | - | - | 83,961 | 45,572 |
| Total deferred outflows of revenue | \$ 1,141,130 | \$ 759,406 | \$ - | \$ - | \$ 1,141,130 | \$ 759,406 |
| Current liabilities | \$ 1,716,780 | \$ 2,845,311 | \$ 29,872 | \$ 25,852 | \$ 1,746,652 | \$ 2,871,163 |
| Long-term liabilities: | | | | | | |
| Due within one year | 1,253,398 | 1,187,474 | - | - | 1,253,398 | 1,187,474 |
| Due in more than one year | 22,459,443 | 23,494,913 | - | - | 22,459,443 | 23,494,913 |
| Total liabilities | \$ 25,429,621 | \$ 27,527,698 | \$ 29,872 | \$ 25,852 | \$ 25,459,493 | \$ 27,553,550 |
| Deferred revenue-property taxes | \$ 24,196 | \$ 20,750 | \$ - | \$ - | \$ 24,196 | \$ 20,750 |
| Pension related items | 152,770 | 175,488 | - | - | 152,770 | 175,488 |
| OPEB related items | 52,238 | 32,582 | - | - | 52,238 | 32,582 |
| Total deferred inflow of resources | \$ 229,204 | \$ 228,820 | \$ - | \$ - | \$ 229,204 | \$ 228,820 |
| Net investment in capital assets | \$ 17,192,612 | \$ 11,006,048 | \$ 400,546 | \$ 425,407 | \$ 17,593,158 | \$ 11,431,455 |
| Unrestricted | 9,208,214 | 14,250,518 | (6,754) | (6,755) | 9,201,460 | 14,243,763 |
| Total net position | \$ 26,400,826 | \$ 25,256,566 | \$ 393,792 | \$ 418,652 | \$ 26,794,618 | \$ 25,675,218 |

Unrestricted net position of governmental activities account for \$9.2 million or 34.9% of the County's total governmental net position and are used to meet the County's ongoing obligations. The remaining governmental assets are investment in capital assets (e.g. land, buildings, systems, machinery & equipment and infrastructure), less accumulated depreciation and any debt used to acquire those assets outstanding at year-end. The County uses these capital assets to provide services to citizens, so they are not available for future spending.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

| | Governmental Activities | | Business-type Activities | | Totals | Totals |
|---|-------------------------|---------------|--------------------------|-------------|---------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 298,897 | \$ 383,782 | \$ 55,816 | \$ 58,839 | \$ 354,713 | \$ 442,621 |
| Operating grants and contributions | 2,855,157 | 2,538,393 | - | - | 2,855,157 | 2,538,393 |
| Capital grants and contributions | 967,420 | - | - | - | 967,420 | - |
| General revenues: | | | | | | |
| General property taxes | 22,140,946 | 21,551,518 | - | - | 22,140,946 | 21,551,518 |
| Other local taxes | 1,118,145 | 1,126,200 | - | - | 1,118,145 | 1,126,200 |
| Grants and other contributions not restricted | 768,095 | 777,681 | - | - | 768,095 | 777,681 |
| Other general revenues | 882,134 | 858,123 | - | - | 882,134 | 858,123 |
| Transfers | (109,615) | (83,190) | 109,615 | 83,190 | - | - |
| Total revenues | \$ 28,921,179 | \$ 27,152,507 | \$ 165,431 | \$ 142,029 | \$ 29,086,610 | \$ 27,294,536 |
| Expenses: | | | | | | |
| General government administration | \$ 2,136,398 | \$ 2,078,003 | \$ - | \$ - | \$ 2,136,398 | \$ 1,917,740 |
| Judicial administration | 1,008,861 | 911,831 | - | - | 1,008,861 | 888,575 |
| Public safety | 4,006,059 | 3,577,148 | - | - | 4,006,059 | 3,290,894 |
| Public works | 1,467,102 | 1,640,550 | 190,291 | 161,575 | 1,657,393 | 2,079,400 |
| Health and welfare | 3,115,050 | 2,379,011 | - | - | 3,115,050 | 2,320,721 |
| Education | 13,195,678 | 12,362,185 | - | - | 13,195,678 | 12,055,007 |
| Parks, recreation, and cultural | 684,751 | 722,787 | - | - | 684,751 | (139,681) |
| Community development | 813,042 | 1,265,986 | - | - | 813,042 | 1,018,108 |
| Interest and other fiscal charges | 650,388 | 634,730 | - | - | 650,388 | 538,332 |
| Total expenses | \$ 27,077,329 | \$ 25,572,231 | \$ 190,291 | \$ 161,575 | \$ 27,267,620 | \$ 23,969,096 |
| Change in net position | \$ 1,843,850 | \$ 1,580,276 | \$ (24,860) | \$ (19,546) | \$ 1,818,990 | \$ 3,325,440 |
| Beginning of year, as restated | 24,556,976 | 23,676,290 | 418,652 | 438,198 | 24,975,628 | 24,114,488 |
| End of year | \$ 26,400,826 | \$ 25,256,566 | \$ 393,792 | \$ 418,652 | \$ 26,794,618 | \$ 27,439,928 |

The *Statement of Activities* illustrates the general revenue sources that support the various governmental operations. Governmental activities increased the County's net position by \$1.84 million, from \$24.6 million at June 30, 2019 (as restated) to \$26.4 million at June 30, 2020. Key factors associated with the increase in net position include:

- Revenue of \$1.06 million more than that budgeted, primarily in public service corporation taxes and other local taxes;
- Functional expenses, primarily in public safety, health & welfare and education, \$1.7M less than appropriated.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

In FY20 the net position of the County's business-type activities decreased slightly, from \$0.42 million in FY2019 to \$0.39 million. This is primarily attributed to unanticipated maintenance costs in FY2020. 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 \$27.1 million for the fiscal year ended June 30, 2020. General Fund revenue increased 2.3%, or \$602,748, in FY19. General property taxes, the largest source of revenue, were \$21.6 million, including public service corporation taxes (\$13.5 million), real estate taxes (\$6.5 million) and personal property taxes (\$1.5 million). Almost 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 \$1,126,200 in FY19. This amount represented an increase of \$345,792, or 44.3% from the previous year.

| | Revenue Classified by Source - General Fund | | | | | |
|--------------------------------------|---|------------|---------------|------------|---------------------|-------------|
| | June 30, 2020 | | June 30, 2019 | | Increase/(Decrease) | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Change |
| General Property Taxes | \$22,023,784 | 79.55% | \$21,600,237 | 79.74% | 423,547 | 1.96% |
| Other Local Taxes | 1,118,145 | 4.04% | 1,126,200 | 4.16% | -8,055 | -0.72% |
| Permits, Fees & Regulatory Licenses | 38,408 | 0.14% | 57,890 | 0.21% | -19,482 | -33.65% |
| Fines & Forfeitures | 31,272 | 0.11% | 59,254 | 0.22% | -27,982 | -47.22% |
| Revenue from Use of Money & Property | 314,222 | 1.13% | 538,259 | 1.99% | -224,037 | -41.62% |
| Charges for Services | 229,217 | 0.83% | 266,638 | 0.98% | -37,421 | -14.03% |
| Miscellaneous | 158,822 | 0.57% | 100,120 | 0.37% | 58,702 | 58.63% |
| Recovered Costs | 35,967 | 0.13% | 23,781 | 0.09% | 12,186 | 51.24% |
| Intergovernmental: | | | | | | |
| Commonwealth | 2,629,458 | 9.50% | 2,393,823 | 8.84% | 235,635 | 9.84% |
| Federal | 1,107,833 | 4.00% | 921,798 | 3.40% | 186,035 | 20.18% |
| Total Revenues | \$27,687,128 | 100.00% | \$27,088,000 | 100.00% | \$599,128 | 2.21% |

Intergovernmental revenues allocated by the state and federal governments totaled \$3.7 million during FY20, which reflects an increase of \$421,670 or 12.7%. Revenue from the commonwealth for non-categorical aid decreased by \$16,223 or 2% in FY20. 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 \$34,364, or 3.4%, while the other categorical aid consisting of welfare administration, children's services act and federal & state grants increased by \$217,494, or 35.1%. This increase was primarily due to an increased caseload under the children's services act.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Expenditure Analysis

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

| | Expenses by Function - General Fund | | | | | |
|------------------------------------|-------------------------------------|----------------|---------------------|----------------|---------------------|--------------|
| | June 30, 2020 | | June 30, 2019 | | Increase/(Decrease) | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Change |
| General Government Administration | \$1,858,332 | 7.09% | \$1,815,006 | 7.18% | \$43,326 | 2.39% |
| Judicial Administration | 660,930 | 2.52% | 625,561 | 2.48% | 35,369 | 5.65% |
| Public Safety | 3,543,384 | 13.51% | 3,398,314 | 13.45% | 145,070 | 4.27% |
| Public Works | 1,564,133 | 5.97% | 1,554,097 | 6.15% | 10,036 | 0.65% |
| Health & Welfare | 3,029,935 | 11.56% | 2,433,879 | 9.63% | 596,056 | 24.49% |
| Education | 12,106,306 | 46.17% | 12,138,405 | 48.03% | -32,099 | -0.26% |
| Parks, Recreation & Cultural | 628,855 | 2.40% | 692,578 | 2.74% | -63,723 | -9.20% |
| Community Development | 728,830 | 2.78% | 697,807 | 2.76% | 31,023 | 4.45% |
| Capital Projects | 0 | 0.00% | 23,976 | 0.09% | -23,976 | N/A |
| Debt Service: Principal Retirement | 1,165,000 | 4.44% | 1,055,000 | 4.17% | 110,000 | 10.43% |
| Debt Service: Interest Retirement | 933,265 | 3.56% | 840,248 | 3.32% | 93,017 | 11.07% |
| Total Expenses | \$26,218,970 | 100.00% | \$25,274,871 | 100.00% | \$944,099 | 3.74% |

The County's total General Fund expenditures of \$26.2 million for the fiscal year ended June 30, 2020 covered a wide range of services, with 46.0% or \$12.1 million for education (payments to the School System, a component unit), 13.51% or \$3.54 million for public safety, 11.56% or \$3.03 million for health and welfare services, 8.0% or \$2.1 million to retire existing debt service, 7.09% or \$1.86 million related to general government administration, and 5.97% or \$1.56 million for public works. The remaining 7.7% includes expenses for parks & recreation, community development, and judicial administration.

The General Fund is the main operating fund of the County. Primarily, the County's ending fund balance at June 30th is used to fund financial obligations of the County from July 1st through December 5th of each year, when the County receives its largest influx of revenue in the form of general property taxes. Prior to December 5th only minimal revenues such as federal and state reimbursements, fees for services, permits and fines are routinely received. Therefore, not all of the \$9.2 million in unrestricted funds noted in Exhibit 1 of the CAFR is available for spending at the County's discretion. In short, the County depends on its fund balance, or reserves, for cash flow at certain times during the fiscal year.

The County's current financial policy has established a committed fund balance of 25% of General Fund appropriated expenses, and the Board of Supervisors also commits fund balance for various purposes throughout the year. At June 30, 2020, the committed fund balance was \$11,093,362, and the unassigned fund balance was \$7,881,289 of the total fund balance.

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

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The FY20 capital expenses totaled \$7,554,938, including these projects:

- New rescue squad building -- \$3,190,992, or 42.2%;
- Water upgrades -- \$2,247,558, or 29.7%;
- School capital projects -- \$944,372, or 12.5%;
- Fleet & solid waste vehicles -- \$380,332, or 5.0%;
- Landfill gas remediation -- \$213,648, or 2.8%;
- The marina project -- \$183,903, or 2.4%;
- Fire suppression system -- \$94,812, or 1.0%;
- CAD system -- \$75,000 or 1.3%;
- Miscellaneous other projects -- \$224,320, or 3.0%.

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. FY20 had General Fund operating expenditures of \$1,743,913 below the revised budget. The County's budget was amended during the year to reflect grants, carryover of unspent appropriations from FY19 and other unanticipated revenues. The difference between the original adopted budget and the amended budget was \$1,091,773 or 4.1%.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2020 totaled \$28.3 million (net of accumulated depreciation). This represents a net increase of \$2.81 million, due primarily to construction in progress. 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 \$20.93 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 \$1.7 million of the total outstanding general obligation bonds of the governmental activities.

During the current fiscal year, the County's total debt decreased by \$571,372, 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.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County for the fiscal year ending June 30, 2020 was 7.5%, an increase of 3.6% from the same period last year. Generally, the County's unemployment rate remains slightly above the state's average.
- The FY21 operating budget for all funds is \$49.6 million (including transfers to other funds), an increase of 0.1% from the FY20 adopted budget. The FY21 Capital budget is \$8.2 million, an increase of 162% from the FY20 capital budget.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Tax rates for future periods are dependent on the effects of fluctuations in the assessed valuations of public service corporations and real property.
- For 2021, the real property tax rate was \$0.71 per \$100 of assessed value.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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County of Surry, Virginia
Statement of Net Position
June 30, 2020

| | Primary Government | | | | |
|--|--------------------|---------------|---------------|-----------------|-----------|
| | Governmental | Business-type | | Component Units | |
| | Activities | Activities | Total | School Board | EDA |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 10,813,433 | \$ 5,764 | \$ 10,819,197 | \$ 2,030,905 | \$ 88,495 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes receivable | 574,878 | - | 574,878 | - | - |
| Accounts receivable | 24,289 | 17,354 | 41,643 | 14,879 | - |
| Due from other governmental units | 2,453,808 | - | 2,453,808 | 482,623 | - |
| Restricted assets: | | | | | |
| Bond construction escrow | 7,355,403 | - | 7,355,403 | - | - |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land and land improvements | 1,811,163 | 3,636 | 1,814,799 | 158,330 | - |
| Buildings and system | 15,258,268 | 372,911 | 15,631,179 | 4,798,705 | - |
| Infrastructure | - | - | - | 1,478,921 | - |
| Equipment | 1,393,071 | 23,999 | 1,417,070 | 2,101,389 | - |
| Improvements | 623,539 | - | 623,539 | - | - |
| Construction in progress | 11,049,843 | - | 11,049,843 | - | - |
| Total assets | \$ 51,357,695 | \$ 423,664 | \$ 51,781,359 | \$ 11,065,752 | \$ 88,495 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related items | \$ 1,057,169 | \$ - | \$ 1,057,169 | \$ 2,523,924 | \$ - |
| OPEB related items | 83,961 | - | 83,961 | 307,165 | - |
| Total deferred outflows of resources | \$ 1,141,130 | \$ - | \$ 1,141,130 | \$ 2,831,089 | \$ - |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,472,158 | \$ 29,872 | \$ 1,502,030 | \$ 113,381 | \$ - |
| Accrued liabilities | - | - | - | 1,417,185 | - |
| Accrued interest payable | 244,622 | - | 244,622 | - | - |
| Deferred grants | 439,174 | - | 439,174 | - | - |
| Due to other governmental units | - | - | - | 965,565 | - |
| Long-term liabilities: | | | | | |
| Due within one year | 1,253,398 | - | 1,253,398 | - | - |
| Due in more than one year | 22,459,443 | - | 22,459,443 | 15,667,430 | - |
| Total liabilities | \$ 25,868,795 | \$ 29,872 | \$ 25,898,667 | \$ 18,163,561 | \$ - |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - property taxes | \$ 24,196 | \$ - | \$ 24,196 | \$ - | \$ - |
| Pension related items | 152,770 | - | 152,770 | 2,127,063 | - |
| OPEB related items | 52,238 | - | 52,238 | 246,213 | - |
| Total deferred inflows of resources | \$ 229,204 | \$ - | \$ 229,204 | \$ 2,373,276 | \$ - |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 17,192,612 | \$ 400,546 | \$ 17,593,158 | \$ 8,537,345 | \$ - |
| Unrestricted | 9,208,214 | (6,754) | 9,201,460 | (15,177,341) | 88,495 |
| Total net position | \$ 26,400,826 | \$ 393,792 | \$ 26,794,618 | \$ (6,639,996) | \$ 88,495 |

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, 2020

| Functions/Programs | Expenses | Program Revenues | | |
|--|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT: | | | | |
| Governmental activities: | | | | |
| General government administration | \$ 2,136,398 | \$ 186 | \$ 201,742 | \$ - |
| Judicial administration | 1,008,861 | 38,646 | 379,776 | - |
| Public safety | 4,006,059 | 235,428 | 640,168 | - |
| Public works | 1,467,102 | 7,694 | 4,883 | - |
| Health and welfare | 3,115,050 | - | 1,623,592 | - |
| Education | 13,195,678 | - | - | - |
| Parks, recreation, and cultural | 684,751 | 16,943 | 4,996 | - |
| Community development | 813,042 | - | - | 967,420 |
| Interest on long-term debt | 650,388 | - | - | - |
| Total governmental activities | \$ 27,077,329 | \$ 298,897 | \$ 2,855,157 | \$ 967,420 |
| Business-type activities: | | | | |
| Water and sewer | \$ 190,291 | \$ 55,816 | \$ - | \$ - |
| Total business-type activities | \$ 190,291 | \$ 55,816 | \$ - | \$ - |
| Total primary government | \$ 27,267,620 | \$ 354,713 | \$ 2,855,157 | \$ 967,420 |
| COMPONENT UNITS: | | | | |
| School Board | \$ 14,988,944 | \$ 104,266 | \$ 3,395,800 | \$ - |
| Economic Development Authority | 6,840 | 5,322 | - | - |
| Total component units | \$ 14,995,784 | \$ 109,588 | \$ 3,395,800 | \$ - |
| 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 and property | | | | |
| Miscellaneous | | | | |
| Payments from Surry County | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position- beginning, as restated | | | | |
| Net position - ending | | | | |

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

| Net (Expense) Revenue and Changes in Net Position | | | | | |
|--|-----------------------------|------------------------|------------------------|-------------------|--|
| Primary Government | | | Component Units | | |
| Governmental Activities | Business-type Activities | Total | School Board | EDA | |
| \$ (1,934,470) | | \$ (1,934,470) | | | |
| (590,439) | | (590,439) | | | |
| (3,130,463) | | (3,130,463) | | | |
| (1,454,525) | | (1,454,525) | | | |
| (1,491,458) | | (1,491,458) | | | |
| (13,195,678) | | (13,195,678) | | | |
| (662,812) | | (662,812) | | | |
| 154,378 | | 154,378 | | | |
| (650,388) | | (650,388) | | | |
| <u>\$ (22,955,855)</u> | | <u>\$ (22,955,855)</u> | | | |
| | \$ (134,475) | \$ (134,475) | | | |
| | <u>\$ (134,475)</u> | <u>\$ (134,475)</u> | | | |
| | | <u>\$ (23,090,330)</u> | | | |
| | | | \$ (11,488,878) | \$ - | |
| | | | - | (1,518) | |
| | | | <u>\$ (11,488,878)</u> | <u>\$ (1,518)</u> | |
| \$ 22,140,946 | \$ - | \$ 22,140,946 | \$ - | \$ - | |
| 634,915 | - | 634,915 | - | - | |
| 132,391 | - | 132,391 | - | - | |
| 270,789 | - | 270,789 | - | - | |
| 80,050 | - | 80,050 | - | - | |
| 452,566 | - | 452,566 | 348 | 35 | |
| 315,529 | - | 315,529 | 21,082 | - | |
| - | - | - | 12,119,319 | - | |
| 882,134 | - | 882,134 | - | 20,000 | |
| (109,615) | 109,615 | - | - | - | |
| <u>\$ 24,799,705</u> | <u>\$ 109,615</u> | <u>\$ 24,909,320</u> | <u>\$ 12,140,749</u> | <u>\$ 20,035</u> | |
| <u>\$ 1,843,850</u> | <u>\$ (24,860)</u> | <u>\$ 1,818,990</u> | <u>\$ 651,871</u> | <u>\$ 18,517</u> | |
| 24,556,976 | 418,652 | 24,975,628 | (7,291,867) | 69,978 | |
| <u>\$ 26,400,826</u> | <u>\$ 393,792</u> | <u>\$ 26,794,618</u> | <u>\$ (6,639,996)</u> | <u>\$ 88,495</u> | |

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FUND FINANCIAL STATEMENTS

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County of Surry, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

| | <u>General</u> | <u>County Capital Projects</u> | <u>Other Governmental</u> | <u>Total</u> |
|---|----------------------|--|-------------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 18,341,642 | \$ - | \$ 557,468 | \$ 18,899,110 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes receivable | 574,878 | - | - | 574,878 |
| Accounts receivable | 24,289 | - | - | 24,289 |
| Due from other funds | 1,001 | - | - | 1,001 |
| Due from other governmental units | 1,486,388 | 967,420 | - | 2,453,808 |
| Restricted assets: | | | | |
| Bond construction funds | - | 7,355,403 | - | 7,355,403 |
| Total assets | <u>\$ 20,428,198</u> | <u>\$ 8,322,823</u> | <u>\$ 557,468</u> | <u>\$ 29,308,489</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 476,445 | \$ 995,713 | \$ - | \$ 1,472,158 |
| Reconciled overdraft payable | - | 8,085,677 | - | 8,085,677 |
| Unearned grants | 439,174 | - | - | 439,174 |
| Due to other funds | - | - | 1,001 | 1,001 |
| Total liabilities | <u>\$ 915,619</u> | <u>\$ 9,081,390</u> | <u>\$ 1,001</u> | <u>\$ 9,998,010</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue-property taxes | \$ 537,928 | \$ - | \$ - | \$ 537,928 |
| Total deferred inflows of resources | <u>\$ 537,928</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 537,928</u> |
| FUND BALANCES | | | | |
| Committed | \$ 11,093,362 | \$ - | \$ 513,616 | \$ 11,606,978 |
| Assigned | - | - | 42,851 | 42,851 |
| Unassigned | 7,881,289 | (758,567) | - | 7,122,722 |
| Total fund balances | <u>\$ 18,974,651</u> | <u>\$ (758,567)</u> | <u>\$ 556,467</u> | <u>\$ 18,772,551</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 20,428,198</u> | <u>\$ 8,322,823</u> | <u>\$ 557,468</u> | <u>\$ 29,308,489</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, 2020

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

| | | |
|--|---------------------|-----------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds | | \$ 18,772,551 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Capital assets cost | \$ 48,917,966 | |
| Accumulated depreciation | <u>(18,782,082)</u> | 30,135,884 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Unavailable revenue - property taxes | | 513,732 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | | |
| Pension related items | \$ 1,057,169 | |
| OPEB related items | <u>83,961</u> | 1,141,130 |
| 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 | \$ (1,705,000) | |
| Revenue bond | (16,845,000) | |
| Bond issuance premiums | (1,748,675) | |
| Net OPEB liability | (448,623) | |
| Net pension liability | (1,933,714) | |
| Compensated absences | (283,975) | |
| Landfill postclosure care | (747,854) | |
| Accrued interest payable | <u>(244,622)</u> | (23,957,463) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Pension related items | \$ (152,770) | |
| OPEB related items | <u>(52,238)</u> | (205,008) |
| Net position of governmental activities | | <u><u>\$ 26,400,826</u></u> |

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, 2020

| | <u>General</u> | <u>County Capital Projects</u> | <u>Other Governmental</u> | <u>Total</u> |
|--|-----------------------|--|-------------------------------|-----------------------|
| REVENUES | | | | |
| General property taxes | \$ 22,023,784 | \$ - | \$ - | \$ 22,023,784 |
| Other local taxes | 1,118,145 | - | - | 1,118,145 |
| Permits, privilege fees, and regulatory licenses | 38,408 | - | - | 38,408 |
| Fines and forfeitures | 31,272 | - | - | 31,272 |
| Revenue from the use of money and property | 314,222 | 138,268 | 76 | 452,566 |
| Charges for services | 229,217 | - | - | 229,217 |
| Miscellaneous | 158,822 | 150,000 | 6,707 | 315,529 |
| Recovered costs | 35,967 | - | - | 35,967 |
| Intergovernmental: | | | | |
| Commonwealth | 2,629,458 | - | - | 2,629,458 |
| Federal | 1,107,833 | 967,420 | - | 2,075,253 |
| Total revenues | <u>\$ 27,687,128</u> | <u>\$ 1,255,688</u> | <u>\$ 6,783</u> | <u>\$ 28,949,599</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 1,858,332 | \$ - | \$ - | \$ 1,858,332 |
| Judicial administration | 660,930 | - | - | 660,930 |
| Public safety | 3,543,384 | - | - | 3,543,384 |
| Public works | 1,564,133 | - | - | 1,564,133 |
| Health and welfare | 3,029,935 | - | - | 3,029,935 |
| Education | 12,106,306 | - | - | 12,106,306 |
| Parks, recreation, and cultural | 628,855 | - | - | 628,855 |
| Community development | 728,830 | - | 26,375 | 755,205 |
| Capital projects | - | 7,554,938 | - | 7,554,938 |
| Debt service: | | | | |
| Principal retirement | 1,165,000 | - | - | 1,165,000 |
| Interest and other fiscal charges | 933,265 | - | - | 933,265 |
| Total expenditures | <u>\$ 26,218,970</u> | <u>\$ 7,554,938</u> | <u>\$ 26,375</u> | <u>\$ 33,800,283</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 1,468,158</u> | <u>\$ (6,299,250)</u> | <u>\$ (19,592)</u> | <u>\$ (4,850,684)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 2,678,618 | \$ 100,000 | \$ 2,778,618 |
| Transfers out | (2,888,233) | - | - | (2,888,233) |
| Total other financing sources (uses) | <u>\$ (2,888,233)</u> | <u>\$ 2,678,618</u> | <u>\$ 100,000</u> | <u>\$ (109,615)</u> |
| Net change in fund balances | \$ (1,420,075) | \$ (3,620,632) | \$ 80,408 | \$ (4,960,299) |
| Fund balances - beginning | 20,394,726 | 2,862,065 | 476,059 | 23,732,850 |
| Fund balances - ending | <u>\$ 18,974,651</u> | <u>\$ (758,567)</u> | <u>\$ 556,467</u> | <u>\$ 18,772,551</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, 2020

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

| | |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (4,960,299) |
|--|----------------|

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 capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

| | | |
|---|-----------------|-----------|
| Capital asset additions | \$ 6,372,078 | |
| Depreciation expense | (1,041,419) | |
| Activity related to joint tenancy assets of Component Unit and Primary Government | <u>(14,326)</u> | 5,316,333 |

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

| | |
|----------------|---------|
| Property taxes | 117,162 |
|----------------|---------|

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 | \$ 145,000 | |
| Principal retired on revenue bond | 1,020,000 | |
| Bond premium amortization | <u>266,553</u> | 1,431,553 |

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 | \$ (59,235) | |
| Pension expense | (236,527) | |
| OPEB expense | 27,684 | |
| Decrease (increase) in landfill postclosure care | 190,855 | |
| Decrease (increase) in accrued interest payable | <u>16,324</u> | (60,899) |

| | |
|---|----------------------------|
| Change in net position of governmental activities | <u><u>\$ 1,843,850</u></u> |
|---|----------------------------|

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, 2020

| | Enterprise Fund Water and <u>Sewer</u> |
|--|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 5,764 |
| Accounts receivable, net of allowance for uncollectibles | 17,354 |
| Total current assets | <u>\$ 23,118</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land and land improvements | \$ 3,636 |
| Utility plant in service | 754,467 |
| Equipment | 119,992 |
| Accumulated depreciation | (477,549) |
| Total net capital assets | <u>\$ 400,546</u> |
| Total noncurrent assets | <u>\$ 400,546</u> |
| Total assets | <u>\$ 423,664</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | \$ 29,872 |
| Total current liabilities | <u>\$ 29,872</u> |
| Total liabilities | <u>\$ 29,872</u> |
| NET POSITION | |
| Investment in capital assets | \$ 400,546 |
| Unrestricted | <u>(6,754)</u> |
| Total net position | <u><u>\$ 393,792</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, 2020

| | Enterprise Fund Water and <u>Sewer</u> |
|---|---|
| OPERATING REVENUES | |
| Charges for services: | |
| Water and sewer revenues | \$ 55,816 |
| Total operating revenues | <u>\$ 55,816</u> |
| OPERATING EXPENSES | |
| Other supplies and expenses | \$ 165,430 |
| Depreciation | 24,861 |
| Total operating expenses | <u>\$ 190,291</u> |
| Operating income (loss) | <u>\$ (134,475)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Transfers in | <u>\$ 109,615</u> |
| Change in net position | \$ (24,860) |
| Total net position- beginning | 418,652 |
| Total net position - ending | <u><u>\$ 393,792</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, 2020

| | Enterprise Fund Water and Sewer |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers and users | \$ 52,748 |
| Payments to suppliers | (161,410) |
| Net cash provided by (used for) operating activities | <u>\$ (108,662)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other funds | \$ 109,615 |
| Net cash provided by (used for) noncapital financing activities | <u>\$ 109,615</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 953 |
| Cash and cash equivalents - beginning | 4,811 |
| Cash and cash equivalents - ending | <u><u>\$ 5,764</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating income (loss) | <u>\$ (134,475)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | |
| Depreciation | \$ 24,861 |
| (Increase) decrease in accounts receivable | (3,068) |
| Increase (decrease) in accounts payable | 4,020 |
| Total adjustments | <u>\$ 25,813</u> |
| Net cash provided by (used for) operating activities | <u><u>\$ (108,662)</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, 2020

| | Agency Funds |
|--|-------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 197,852 |
| Total assets | <u>\$ 197,852</u> |
| LIABILITIES | |
| Amounts held for social services clients | \$ 52,077 |
| Amounts held for others | 145,775 |
| Total liabilities | <u>\$ 197,852</u> |

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2020

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2020.

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, 2020.

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, 2020. The Authority does not issue a separate financial report.

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

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

None

Excluded from the County's Annual Financial Report

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the Cities of Colonial Heights, Emporia, Hopewell, Petersburg and the Counties of Surry, Greensville, Prince George and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Surry County contributed \$66,051 to the District 19 Community Services Board for the fiscal year ended June 30, 2020.

Riverside Regional Jail

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for Agency funds as they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

The County's fiduciary funds are presented in the fund financial statements by type and have no measurement focus but use the accrual basis of accounting for asset and liability recognition. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

1. Governmental Funds

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

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

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

1. Governmental Funds (Continued)

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

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

The County reports the following nonmajor governmental funds:

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

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

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

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

E. Cash and Cash Equivalents

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

*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 \$132,079 at June 30, 2020 and is comprised of property taxes of \$78,407 and water and sewer charges of \$53,672.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

*Note 1—Summary of Significant Accounting Policies: (Continued)***H. Capital Assets (Continued)**

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

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

I. Compensated Absences

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

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Fund Balance

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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

K. Fund Balance (Continued)

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

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

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

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

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

| | General Fund | County Capital Projects Fund | Other Governmental Funds | Total |
|-------------------------------------|----------------------|---------------------------------------|--------------------------------|----------------------|
| Fund Balances: | | | | |
| Committed: | | | | |
| Ongoing expenditure obligations | \$ 11,093,362 | \$ - | \$ - | \$ 11,093,362 |
| DEA Task Force | - | - | 53,343 | 53,343 |
| Economic Development | - | - | 460,273 | 460,273 |
| Total Committed Fund Balance | \$ 11,093,362 | \$ - | \$ 513,616 | \$ 11,606,978 |
| Assigned: | | | | |
| Indoor plumbing | \$ - | \$ - | \$ 42,851 | \$ 42,851 |
| Total Assigned Fund Balance | \$ - | \$ - | \$ 42,851 | \$ 42,851 |
| Unassigned | \$ 7,881,289 | \$ (758,567) | \$ - | \$ 7,122,722 |
| Total Fund Balances | \$ 18,974,651 | \$ (758,567) | \$ 556,467 | \$ 18,772,551 |

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

L. Net Position

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

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

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

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary 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 net fiduciary position have been determined on the same basis as they were reported by the actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

O. Long-term Obligations

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

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

P. Deferred Outflows/Inflows of Resources

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

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

Note 2—Stewardship, Compliance, and Accounting:

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2020

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2020.

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 the County 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 and certain corporate notes, 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, 2020 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 | \$ 10,006,548 |
| Virginia State Non-Arbitrage Pool | 7,355,403 |
| Total | \$ 17,361,951 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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 | \$ 10,006,548 | \$ 10,006,548 |
| Virginia State Non-Arbitrage Pool | 7,355,403 | 7,355,403 |
| Total | <u>\$ 17,361,951</u> | <u>\$ 17,361,951</u> |

External Investment Pools

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 4—Due to/from Other Governments:

At June 30, 2020, the County has receivables due from other governments as follows:

| | Primary Government | Component Unit School Board |
|---------------------------------------|-----------------------|-----------------------------------|
| Other Local Governments: | | |
| Surry County School Board | \$ 965,565 | \$ - |
| Commonwealth of Virginia: | | |
| Local sales tax | 163,589 | - |
| State Sales Tax | - | 119,411 |
| Constitutional officer reimbursements | 84,242 | - |
| Communications tax | 6,987 | - |
| Comprehensive services act | 149,188 | - |
| Wireless funds | 7,292 | - |
| Welfare | 35,887 | - |
| Federal Government: | | |
| JROTC | - | 6,530 |
| Boating infrastructure grant | 967,420 | - |
| School fund grants | - | 356,682 |
| Welfare | 73,638 | - |
| Total due from other governments | <u>\$ 2,453,808</u> | <u>\$ 482,623</u> |

At June 30, 2020, amounts due to other local governments are as follows:

| | | |
|--------------------------|-------------|-------------------|
| Other Local Governments: | | |
| County of Surry | <u>\$ -</u> | <u>\$ 965,565</u> |

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

| | Balance July 1, 2019 As Restated | Additions | Deletions | Balance June 30, 2020 |
|---|--|---------------------|------------------|--------------------------|
| <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 | 5,202,585 | 5,847,258 | - | 11,049,843 |
| Total capital assets not subject to depreciation | <u>\$ 7,013,748</u> | <u>\$ 5,847,258</u> | <u>\$ -</u> | <u>\$ 12,861,006</u> |
| Capital assets subject to depreciation: | | | | |
| Buildings and improvements | \$ 21,373,286 | \$ - | \$ - | \$ 21,373,286 |
| Equipment | 6,777,741 | 524,820 | - | 7,302,561 |
| Infrastructure | 734,835 | - | - | 734,835 |
| Jointly owned assets | 6,702,121 | - | 55,843 | 6,646,278 |
| Total capital assets subject to depreciation | <u>\$ 35,587,983</u> | <u>\$ 524,820</u> | <u>\$ 55,843</u> | <u>\$ 36,056,960</u> |
| Accumulated depreciation: | | | | |
| Buildings and improvements | \$ 7,287,312 | \$ 532,706 | \$ - | \$ 7,820,018 |
| Equipment | 5,549,822 | 359,668 | - | 5,909,490 |
| Infrastructure | 92,925 | 18,371 | - | 111,296 |
| Jointly owned assets | 4,852,121 | 130,674 | 41,517 | 4,941,278 |
| Total accumulated depreciation | <u>\$ 17,782,180</u> | <u>\$ 1,041,419</u> | <u>\$ 41,517</u> | <u>\$ 18,782,082</u> |
| Total capital assets subject to depreciation, net | <u>\$ 17,805,803</u> | <u>\$ (516,599)</u> | <u>\$ 14,326</u> | <u>\$ 17,274,878</u> |
| Governmental activities capital assets, net | <u>\$ 24,819,551</u> | <u>\$ 5,330,659</u> | <u>\$ 14,326</u> | <u>\$ 30,135,884</u> |

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 5—Capital Assets: (Continued)

A summary of proprietary fund property, plant, and equipment at June 30, 2020 follows:

| | Balance July 1, 2019 | Additions | Deletions | Balance June 30, 2020 |
|---|-------------------------|-------------|-----------|--------------------------|
| <i>Business-type activities:</i> | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 3,636 | \$ - | \$ - | \$ 3,636 |
| Total capital assets not subject to depreciation | \$ 3,636 | \$ - | \$ - | \$ 3,636 |
| Capital assets subject to depreciation: | | | | |
| Utility Plant in Service | \$ 754,467 | \$ - | \$ - | \$ 754,467 |
| Equipment | 119,992 | - | - | 119,992 |
| Total capital assets subject to depreciation | \$ 874,459 | \$ - | \$ - | \$ 874,459 |
| Accumulated depreciation: | | | | |
| Utility Plant in Service | \$ 362,695 | \$ 18,861 | \$ - | \$ 381,556 |
| Equipment | 89,993 | 6,000 | - | 95,993 |
| Total accumulated depreciation | \$ 452,688 | \$ 24,861 | \$ - | \$ 477,549 |
| Total capital assets subject to depreciation, net | \$ 421,771 | \$ (24,861) | \$ - | \$ 396,910 |
| Business-type activities capital assets, net | \$ 425,407 | \$ (24,861) | \$ - | \$ 400,546 |

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

| | Balance July 1, 2019 As Restated | Additions | Deletions | Balance June 30, 2020 |
|---|--|--------------|--------------|--------------------------|
| <i>Component Unit-School Board:</i> | | | | |
| Capital assets not subject to depreciation: | | | | |
| Land and land improvements | \$ 158,330 | \$ - | \$ - | \$ 158,330 |
| Construction in progress | 699,590 | 731,028 | 1,430,618 | - |
| Total capital assets not subject to depreciation | \$ 857,920 | \$ 731,028 | \$ 1,430,618 | \$ 158,330 |
| Capital assets subject to depreciation: | | | | |
| Equipment | \$ 6,579,617 | \$ 370,080 | \$ - | \$ 6,949,697 |
| Building improvement | 184,686 | 1,430,618 | - | 1,615,304 |
| Jointly owned assets | 18,650,030 | - | (55,843) | 18,705,873 |
| Total capital assets subject to depreciation | \$ 25,414,333 | \$ 1,800,698 | \$ (55,843) | \$ 27,270,874 |
| Accumulated depreciation: | | | | |
| Equipment | \$ 4,590,976 | \$ 257,332 | \$ - | \$ 4,848,308 |
| Building improvement | 60,235 | 76,148 | - | 136,383 |
| Jointly owned assets | 13,502,023 | 363,628 | (41,517) | 13,907,168 |
| Total accumulated depreciation | \$ 18,153,234 | \$ 697,108 | \$ (41,517) | \$ 18,891,859 |
| Total capital assets subject to depreciation, net | \$ 7,261,099 | \$ 1,103,590 | \$ (14,326) | \$ 8,379,015 |
| Component unit school board capital assets, net | \$ 8,119,019 | \$ 1,834,618 | \$ 1,416,292 | \$ 8,537,345 |

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

| | |
|-----------------------------------|--------------|
| Governmental activities: | |
| General government administration | \$ 181,605 |
| Judicial administration | 326,416 |
| Public safety | 274,375 |
| Public works | 51,475 |
| Health and welfare | 5,199 |
| Education | 130,674 |
| Parks, recreation and cultural | 41,697 |
| Community development | 29,978 |
| | <hr/> |
| Total Governmental activities | \$ 1,041,419 |
| | <hr/> |
| Business-type activities | \$ 24,861 |
| | <hr/> |
| Component Unit School Board | \$ 697,108 |
| | <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, 2020, is that school financed assets in the amount of \$1,705,000 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2020 consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------|---------------------|----------------------|
| Primary Government: | | |
| General Fund | \$ - | \$ 2,888,233 |
| Other governmental funds | 100,000 | - |
| County Capital Projects Fund | 2,678,618 | - |
| Water and Sewer Fund | 109,615 | - |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 2,888,233</u> | <u>\$ 2,888,233</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, 2020 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, 2020

Note 7—Long Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2020:

Primary Government:

| | Balance at July 1, 2019 | Issuances/ Increases | Retirements/ Decreases | Balance at June 30, 2020 | Amounts Due Within One Year |
|---|----------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------------|
| Governmental Activities: | | | | | |
| Incurred by County: | | | | | |
| Compensated absences | | | | | |
| (payable by General Fund) | \$ 224,741 | \$ 81,708 | \$ 22,474 | \$ 283,975 | \$ 28,398 |
| Lease revenue bonds | 17,865,000 | - | 1,020,000 | 16,845,000 | 1,075,000 |
| Bond premium | 1,980,387 | - | 263,068 | 1,717,319 | - |
| Net pension liability | | | | | |
| (payable by General Fund) | 1,331,134 | 2,411,782 | 1,809,202 | 1,933,714 | - |
| Net OPEB liabilities | | | | | |
| (payable by General Fund) | 457,575 | 114,168 | 123,120 | 448,623 | - |
| Landfill postclosure care | 938,709 | - | 190,855 | 747,854 | - |
| Total incurred by County | <u>\$ 22,797,546</u> | <u>\$ 2,607,658</u> | <u>\$ 3,428,719</u> | <u>\$ 21,976,485</u> | <u>\$ 1,103,398</u> |
| Incurred by School Board: | | | | | |
| General obligation bonds | \$ 1,850,000 | \$ - | \$ 145,000 | \$ 1,705,000 | \$ 150,000 |
| Bond premium | 34,841 | - | 3,485 | 31,356 | - |
| Total incurred by School Board | <u>\$ 1,884,841</u> | <u>\$ -</u> | <u>\$ 148,485</u> | <u>\$ 1,736,356</u> | <u>\$ 150,000</u> |
| Total Governmental Activities | <u>\$ 24,682,387</u> | <u>\$ 2,607,658</u> | <u>\$ 3,577,204</u> | <u>\$ 23,712,841</u> | <u>\$ 1,253,398</u> |
| Total Primary Government Obligations | <u>\$ 24,682,387</u> | <u>\$ 2,607,658</u> | <u>\$ 3,577,204</u> | <u>\$ 23,712,841</u> | <u>\$ 1,253,398</u> |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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 |
| 2021 | \$ 1,075,000 | \$ 789,834 | \$ 150,000 | \$ 85,555 |
| 2022 | 1,125,000 | 736,559 | 160,000 | 77,262 |
| 2023 | 1,180,000 | 677,494 | 170,000 | 68,435 |
| 2024 | 1,245,000 | 615,353 | 180,000 | 59,072 |
| 2025 | 1,300,000 | 550,137 | 185,000 | 49,309 |
| 2026 | 1,375,000 | 481,591 | 200,000 | 39,010 |
| 2027 | 1,445,000 | 411,104 | 210,000 | 28,305 |
| 2028 | 1,515,000 | 338,879 | 220,000 | 17,340 |
| 2029 | 1,015,000 | 277,022 | 230,000 | 5,865 |
| 2030 | 575,000 | 239,828 | - | - |
| 2031 | 600,000 | 212,569 | - | - |
| 2032 | 635,000 | 181,798 | - | - |
| 2033 | 665,000 | 150,285 | - | - |
| 2034 | 700,000 | 117,707 | - | - |
| 2035 | 735,000 | 84,647 | - | - |
| 2036 | 390,000 | 60,431 | - | - |
| 2037 | 405,000 | 44,034 | - | - |
| 2038 | 425,000 | 26,916 | - | - |
| 2039 | 440,000 | 9,075 | - | - |
| Total | <u>\$ 16,845,000</u> | <u>\$ 6,005,263</u> | <u>\$ 1,705,000</u> | <u>\$ 430,153</u> |

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

| <u>Governmental Activities</u> | <u>Total Amount</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 April 1, 2035, interest payable semi-annually at 3.028%-5.125%. | \$ 11,145,000 |
| \$15,795,000 lease revenue bond issued November 18, 2014, payable in various annual installments through April 1, 2035, interest payable semi-annually at 3.028%-5.125%. | <u>5,700,000</u> |
| Total lease revenue bonds | <u>\$ 16,845,000</u> |
| Bond issuance premium | <u>\$ 1,717,319</u> |
| Landfill postclosure care (Note 17) | <u>\$ 747,854</u> |
| Net pension liability (payable by General Fund) | <u>\$ 1,933,714</u> |
| Net OPEB liabilities (payable by General Fund) | <u>\$ 448,623</u> |
| Compensated absences (payable by General Fund) | <u>\$ 283,975</u> |
| Total incurred by County | <u>\$ 21,976,485</u> |
| <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%. | <u>\$ 1,705,000</u> |
| Bond issuance premium | <u>\$ 31,356</u> |
| Total incurred by School Board | <u>\$ 1,736,356</u> |
| Total Long-Term Obligations, Governmental Activities | <u><u>\$ 23,712,841</u></u> |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2020:

| | Balance at July 1, 2019 | Increases | Decreases | Balance at June 30, 2020 | Amounts Due Within One Year |
|--|-------------------------------|---------------------|---------------------|--------------------------------|-----------------------------------|
| Component Unit-School Board: | | | | | |
| Compensated absences (payable by School Fund) | \$ 46,084 | \$ - | \$ 46,084 | \$ - | \$ - |
| Net pension liability | 12,445,204 | 4,735,948 | 4,008,708 | 13,172,444 | - |
| Net OPEB liabilities | 2,530,620 | 438,200 | 473,834 | 2,494,986 | - |
| Total Component Unit-School Board | <u>\$ 15,021,908</u> | <u>\$ 5,174,148</u> | <u>\$ 4,528,626</u> | <u>\$ 15,667,430</u> | <u>\$ -</u> |

Note 8—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue totaling \$537,928 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 | \$ - | \$ 513,732 |
| Prepaid property taxes due in December but paid in advance by taxpayers | 24,196 | 24,196 |
| Total | <u>\$ 24,196</u> | <u>\$ 537,928</u> |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2020, there were no matters of litigation involving the County that would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 11—Risk Management:

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

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

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

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

Note 12—Pension Plans:

Plan Description

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

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 hired 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 hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired 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.

*Note 12—Pension Plans: (Continued)**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.

Employees Covered by Benefit Terms

As of the June 30, 2018 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 | 52 | 77 |
| Inactive members: | | |
| Vested inactive members | 11 | 3 |
| Non-vested inactive members | 15 | 14 |
| Inactive members active elsewhere in VRS | 28 | 12 |
| Total inactive members | 54 | 29 |
| Active members | 92 | 45 |
| Total covered employees | 198 | 151 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2020

Note 12—Pension Plans: (Continued)

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, 2020 was 8.49% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$355,419 and \$337,826 for the years ended June 30, 2020 and June 30, 2019, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2020 was 10.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$101,162 and \$98,289 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 12—Pension Plans: (Continued)

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|----------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP - Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | 100.00% | | 5.13% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return* | 7.63% |

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

fiscal year ended June 30, 2019, 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, 2019 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, 2018 | \$ 19,017,687 | \$ 17,686,553 | \$ 1,331,134 |
| Changes for the year: | | | |
| Service cost | \$ 446,163 | \$ - | \$ 446,163 |
| Interest | 1,286,442 | - | 1,286,442 |
| Assumption changes | 557,716 | - | 557,716 |
| Differences between expected and actual experience | 108,825 | - | 108,825 |
| Contributions - employer | - | 337,827 | (337,827) |
| Contributions - employee | - | 315,066 | (315,066) |
| Net investment income | - | 1,156,309 | (1,156,309) |
| Benefit payments, including refunds | | | |
| Refunds of employee contributions | (1,279,883) | (1,279,883) | - |
| Administrative expenses | - | (11,909) | 11,909 |
| Other changes | - | (727) | 727 |
| Net changes | \$ 1,119,263 | \$ 516,683 | \$ 602,580 |
| Balances at June 30, 2019 | \$ 20,136,950 | \$ 18,203,236 | \$ 1,933,714 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2018 | \$ 6,233,282 | \$ 5,368,078 | \$ 865,204 |
| Changes for the year: | | | |
| Service cost | \$ 88,702 | \$ - | \$ 88,702 |
| Interest | 420,410 | - | 420,410 |
| Assumption changes | 155,642 | - | 155,642 |
| Differences between expected and actual experience | (140,755) | - | (140,755) |
| Contributions - employer | - | 98,289 | (98,289) |
| Contributions - employee | - | 72,395 | (72,395) |
| Net investment income | - | 344,493 | (344,493) |
| Benefit payments, including refunds | | | |
| Refunds of employee contributions | (454,841) | (454,841) | - |
| Administrative expenses | - | (3,598) | 3,598 |
| Other changes | - | (217) | 217 |
| Net changes | \$ 69,158 | \$ 56,521 | \$ 12,637 |
| Balances at June 30, 2019 | \$ 6,302,440 | \$ 5,424,599 | \$ 877,841 |

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 | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| County | | | |
| Net Pension Liability (Asset) | \$ 4,424,886 | \$ 1,933,714 | \$ (61,570) |
| Component Unit School Board (nonprofessional) | | | |
| Net Pension Liability (Asset) | \$ 1,559,172 | \$ 877,841 | \$ 328,356 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2020, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$591,947 and \$190,269, respectively. At June 30, 2020, 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 | \$ 295,888 | \$ 1,344 | \$ - | \$ 67,061 |
| Change in assumptions | 405,862 | - | 74,154 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 151,426 | - | 43,285 |
| Employer contributions subsequent to the measurement date | 355,419 | - | 101,162 | - |
| Total | <u>\$ 1,057,169</u> | <u>\$ 152,770</u> | <u>\$ 175,316</u> | <u>\$ 110,346</u> |

\$355,19 and \$101,162 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, 2021. 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) |
|--------------------|--------------------|---|
| 2021 | \$ 337,555 | \$ 10,080 |
| 2022 | 103,661 | (50,294) |
| 2023 | 95,893 | (215) |
| 2024 | 11,871 | 4,237 |
| 2025 | - | - |
| Thereafter | - | - |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 \$1,130,433 and \$1,238,666 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the school division reported a liability of \$12,294,603 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion was 0.09342% as compared to 0.09847% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$879,204. 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, 2020

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, 2020, 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 | \$ - | \$ 787,275 |
| Change in assumptions | 1,217,454 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 269,960 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 721 | 959,482 |
| Employer contributions subsequent to the measurement date | <u>1,130,433</u> | <u>-</u> |
| Total | <u>\$ 2,348,608</u> | <u>\$ 2,016,717</u> |

\$1,130,433 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, 2021. 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> | |
|---------------------------|--------------|
| 2021 | \$ (348,363) |
| 2022 | (476,494) |
| 2023 | (72,143) |
| 2024 | 52,981 |
| 2025 | 45,477 |
| Thereafter | - |

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | | Teacher Employee Retirement Plan |
|---|----|-------------------------------------|
| Total Pension Liability | \$ | 49,683,336 |
| Plan Fiduciary Net Position | | 36,522,769 |
| Employers' Net Pension Liability (Asset) | \$ | 13,160,567 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 73.51% |

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.

Long-Term Expected Rate of Return

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

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

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

| | | Rate | | |
|--|----|-------------|------------------|--------------|
| | | 1% Decrease | Current Discount | 1% Increase |
| | | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) | \$ | 18,508,718 | \$ 12,294,603 | \$ 7,156,680 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 | \$ 1,057,169 | \$ 152,770 | \$ 1,933,714 | \$ 591,947 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 175,316 | 110,346 | 877,841 | 190,269 |
| School Board Professional | - | - | - | - | 2,348,608 | 2,016,717 | 12,294,603 | 879,204 |
| Totals | <u>\$ 1,057,169</u> | <u>\$ 152,770</u> | <u>\$ 1,933,714</u> | <u>\$ 591,947</u> | <u>\$ 2,523,924</u> | <u>\$ 2,127,063</u> | <u>\$ 13,172,444</u> | <u>\$ 1,069,473</u> |

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

Plan Description

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

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

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

Eligible Employees

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

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

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$24,059 and \$22,203 for the years ended June 30, 2020 and June 30, 2019, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$38,733 and \$40,539 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$5,347 and \$5,000 for the years ended June 30, 2020 and June 30, 2019, 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, 2020, the County reported a liability of \$354,419 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$647,164 and \$79,899, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the County's proportion was .02178% as compared to .02188% at June 30, 2018. At June 30, 2019, the Component Unit School Board professional and nonprofessional groups' proportion was .03977% and .04177%, respectively as compared to .00491% and .00505% respectively at June 30, 2018.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2020, the County recognized GLI OPEB expense of \$9,080. For the year ended June 30, 2020, the Component Unit School Board professional group recognized GLI OPEB expense of \$7,190. For the year ended June 30, 2020, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,500. 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, 2020, 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 | \$ 23,571 | \$ 4,598 | \$ 43,040 | \$ 8,394 | \$ 5,314 | \$ 1,037 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 7,280 | - | 13,293 | - | 1,641 |
| Change in assumptions | 22,376 | 10,687 | 40,858 | 19,515 | 5,044 | 2,409 |
| Changes in proportion | 3,876 | 1,335 | - | 38,894 | - | 1,868 |
| Employer contributions subsequent to the measurement date | 24,059 | - | 38,733 | - | 5,347 | - |
| Total | \$ 73,882 | \$ 23,900 | \$ 122,631 | \$ 80,096 | \$ 15,705 | \$ 6,955 |

\$24,059, \$38,733, and \$5,347, 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| | Primary Government | Component Unit School Board (professional) | Component Unit School Board (nonprofessional) |
|-----------------------|-----------------------|--|---|
| Year Ended June 30 | | | |
| 2021 | \$ 2,144 | \$ (5,476) | \$ (64) |
| 2022 | 2,144 | (5,476) | (64) |
| 2023 | 5,227 | 155 | 631 |
| 2024 | 7,421 | 5,294 | 1,266 |
| 2025 | 7,042 | 7,250 | 1,294 |
| Thereafter | 1,945 | 2,054 | 340 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

| | | GLI OPEB Plan |
|--|----|------------------|
| Total GLI OPEB Liability | \$ | 3,390,238 |
| Plan Fiduciary Net Position | | 1,762,972 |
| Employers' Net GLI OPEB Liability (Asset) | \$ | 1,627,266 |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | | 52.00% |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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

NET GLI OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

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

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|----------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP - Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | 100.00% | | 5.13% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return* | 7.63% |

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

| | Rate | | |
|--|------------------------|--------------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Discount (6.75%) | 1% Increase (7.75%) |
| County's proportionate share of the GLI Plan Net OPEB Liability | \$ 465,608 | \$ 354,419 | \$ 264,247 |
| Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 850,194 | \$ 647,164 | \$ 482,512 |
| Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability | \$ 104,965 | \$ 79,899 | \$ 59,571 |

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

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

Eligible Employees

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

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 with at least 15 years of service credit, 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, 2020 was 1.20% 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, 2018. 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 \$89,069 and \$93,551 for the years ended June 30, 2020 and June 30, 2019, respectively.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 14—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

At June 30, 2020, the school division reported a liability of \$1,216,675 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, 2019 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, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was .09294% as compared to .09821% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$86,804. 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, 2020, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 6,892 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 77 | - |
| Change in assumptions | 28,318 | 8,454 |
| Change in proportion | - | 81,570 |
| Employer contributions subsequent to the measurement date | 89,069 | - |
| Total | \$ 117,464 | \$ 96,916 |

\$89,069 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, 2021. 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:

| Year Ended June 30 | |
|--------------------|-------------|
| 2021 | \$ (12,178) |
| 2022 | (12,179) |
| 2023 | (11,646) |
| 2024 | (11,824) |
| 2025 | (10,873) |
| Thereafter | (9,821) |

*Note 14—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, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality Rates - Teachers**Pre-Retirement:**

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

Post-Retirement:

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

Post-Disablement:

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

| | | Teacher Employee HIC OPEB Plan |
|---|----|--------------------------------------|
| Total Teacher Employee HIC OPEB Liability | \$ | 1,438,114 |
| Plan Fiduciary Net Position | | 129,016 |
| Teacher Employee net HIC OPEB Liability (Asset) | \$ | 1,309,098 |
| Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability | | 8.97% |

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.

*Note 14—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) | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return* |
|--------------------------------------|----------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP - Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | 100.00% | | 5.13% |
| | | Inflation | 2.50% |
| | | Expected arithmetic nominal return* | 7.63% |

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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, 2019, 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, 2019 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

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

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

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

| | Rate | | |
|---|--------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan | | | |
| Net HIC OPEB Liability | \$ 1,361,666 | \$ 1,216,675 | \$ 1,093,505 |

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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN):

County and School Board

Plan Description

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

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

Benefits Provided

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

Benefits Provided (Continued)

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

Plan Membership

At June 30, 2020 (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, 2020 was \$19,835 and \$52,680.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2020.

Actuarial Assumptions

The County's total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------|---|
| Inflation | 2.50% |
| Salary Increases | 5.35% decreasing to 3.50% |
| Discount Rate | 2.21% based on Bond Buyer 20-Year Bond GO Index |

The School Board's total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------|---|
| Inflation | 2.50% |
| Salary Increases | 5.35% decreasing to 3.50% |
| Discount Rate | 2.21% based on Bond Buyer 20-Year Bond GO Index |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Bond GO Index. The final equivalent single discount rate used for this year's valuation is 2.21% as of the end of June 30, 2020 with the expectation that the County and School Board will continue paying the pay-as-you-go cost.

Changes in Total OPEB Liability

| | Primary Government Total OPEB Liability | Component Unit School Board Total OPEB Liability |
|---|--|--|
| Balances at June 30, 2019 | \$ 125,575 | \$ 572,620 |
| Changes for the year: | | |
| Service cost | 8,719 | 26,326 |
| Interest | 4,356 | 20,049 |
| Effect of economic/demographic gains or losses | (35,801) | (63,747) |
| Changes in assumptions | 11,190 | 48,680 |
| Benefit payments | (19,835) | (52,680) |
| Net changes | \$ (31,371) | \$ (21,372) |
| Balances at June 30, 2020 | \$ 94,204 | \$ 551,248 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

| | Rate | | |
|------------------------------|------------------------|----------------------------------|------------------------|
| | 1% Decrease (1.21%) | Current Discount Rate (2.21%) | 1% Increase (3.21%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 97,609 | \$ 94,204 | \$ 90,360 |
| Component Unit School Board: | | | |
| Total OPEB liability | \$ 578,998 | \$ 551,248 | \$ 521,124 |

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 (3.40% decreasing to 3.00%) or one percentage point higher (5.40% decreasing to 5.00%) than the current healthcare cost trend rates:

| | Rates | | |
|----------------------|---|--|---|
| | 1% Decrease (3.40% decreasing to 3.00%) | Healthcare Cost Trend (4.40% decreasing to 4.00%) | 1% Increase (5.40% decreasing to 5.00%) |
| Primary Government: | | | |
| Total OPEB liability | \$ 80,898 | \$ 94,204 | \$ 110,121 |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2020

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (0.80% increasing to ((0.80%) increasing to 3.00%) or one percentage point higher (1.80% increasing to 5.00%) than the current healthcare cost trend rates:

| | Rates | | |
|------------------------------|---|--|---|
| | 1% Decrease ((0.80%) increasing to 3.00%) | Healthcare Cost Trend (0.80% increasing to 4.00%) | 1% Increase (1.80% increasing to 5.00%) |
| Component Unit School Board: | | | |
| Total OPEB liability | \$ 480,250 | \$ 551,248 | \$ 634,399 |

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

For the year ended June 30, 2020, the County and the School Board recognized OPEB expense in the amount of \$7,510 and \$44,419. At June 30, 2020, 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 | \$ - | \$ 27,475 | \$ - | \$ 53,465 |
| Changes in assumptions | 10,079 | 863 | 51,365 | 8,781 |
| Total | <u>\$ 10,079</u> | <u>\$ 28,338</u> | <u>\$ 51,365</u> | <u>\$ 62,246</u> |

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 15—Medical and Dental Pay-As-You-Go (OPEB PLAN): (Continued)

County and School Board: (Continued)

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

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

| <u>Year Ended June 30</u> | <u>Primary Government</u> | <u>Component Unit School Board</u> |
|---------------------------|-------------------------------|--|
| 2020 | \$ (5,565) | \$ (1,956) |
| 2021 | (5,255) | (1,956) |
| 2022 | (5,724) | (1,956) |
| 2023 | (1,715) | (2,096) |
| 2024 | - | (2,430) |
| Thereafter | - | (487) |

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

Note 16—Surety Bonds:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 17—Landfill Closure and Postclosure Care Cost:

The \$747,854 reported as landfill postclosure liability at June 30, 2020, represents the estimated liability for postclosure monitoring. This amount is based on what it would cost to perform all postclosure care in 2020 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, 2020, 100% of the landfill's total capacity has been used to date. The landfill was closed and capped in 1998.

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

Note 18 - 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, 2020 was \$8,361.

Note 19 - Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

Aggregate OPEB Information

| | Primary Government | | | | Component Unit School Board | | | |
|---|--------------------|------------------|--------------------|--------------|-----------------------------|------------------|--------------------|--------------|
| | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense | Deferred Outflows | Deferred Inflows | Net OPEB Liability | OPEB Expense |
| VRS OPEB Plans: | | | | | | | | |
| Group Life Insurance Program (Note 13): | | | | | | | | |
| County | \$ 73,882 | \$ 23,900 | \$ 354,419 | \$ 9,080 | \$ - | \$ - | \$ - | \$ - |
| School Board Nonprofessional | - | - | - | - | 15,705 | 6,955 | 79,899 | 1,500 |
| School Board Professional | - | - | - | - | 122,631 | 80,096 | 647,164 | 7,190 |
| Teacher Health Insurance Credit Program (Note 14) | - | - | - | - | 117,464 | 96,916 | 1,216,675 | 86,804 |
| County Stand-Alone Plan (Note 15) | 10,079 | 28,338 | 94,204 | 7,510 | - | - | - | - |
| School Stand-Alone Plan (Note 15) | - | - | - | - | 51,365 | 62,246 | 551,248 | 44,419 |
| Totals | \$ 83,961 | \$ 52,238 | \$ 448,623 | \$ 16,590 | \$ 307,165 | \$ 246,213 | \$ 2,494,986 | \$ 139,913 |

Note 20—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 21—Subsequent Events:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. County of Surry, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. County of Surry, Virginia, received the second round of CRF funds in the amount of \$560,295 on August 26, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 30, 2020 will be returned to the federal government.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2020

Note 22—Restatement of Beginning Net Position:

The county transferred assets being recorded as Governmental Activities construction in progress to the School board. This resulted in the following restatement of beginning net position:

| | Govern- mental Activities | Component Unit - School Board |
|---|---------------------------------|--|
| | <u> </u> | <u> </u> |
| Net position, July 1, 2019, as previously stated | \$ 25,256,566 | \$ (7,991,457) |
| Capital asset restatement: | | |
| Restatement to transfer construction in progress assets between governmental activities and the component unit school board | <u>(699,590)</u> | <u>699,590</u> |
| Net position, July 1, 2019, as restated | \$ <u>24,556,976</u> | \$ <u>(7,291,867)</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

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County of Surry, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUES | | | | |
| General property taxes | \$ 22,051,589 | \$ 22,051,589 | \$ 22,023,784 | \$ (27,805) |
| Other local taxes | 710,000 | 710,000 | 1,118,145 | 408,145 |
| Permits, privilege fees, and regulatory licenses | 32,800 | 32,800 | 38,408 | 5,608 |
| Fines and forfeitures | 45,000 | 45,000 | 31,272 | (13,728) |
| Revenue from the use of money and property | 526,601 | 526,601 | 314,222 | (212,379) |
| Charges for services | 233,650 | 233,650 | 229,217 | (4,433) |
| Miscellaneous | 28,750 | 69,963 | 158,822 | 88,859 |
| Recovered costs | 18,500 | 18,500 | 35,967 | 17,467 |
| Intergovernmental: | | | | |
| Commonwealth | 2,557,677 | 2,754,169 | 2,629,458 | (124,711) |
| Federal | 759,933 | 1,370,314 | 1,107,833 | (262,481) |
| Total revenues | <u>\$ 26,964,500</u> | <u>\$ 27,812,586</u> | <u>\$ 27,687,128</u> | <u>\$ (125,458)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government administration | \$ 2,115,592 | \$ 2,021,727 | \$ 1,858,332 | \$ 163,395 |
| Judicial administration | 696,737 | 702,399 | 660,930 | 41,469 |
| Public safety | 3,500,623 | 3,711,558 | 3,543,384 | 168,174 |
| Public works | 1,660,277 | 1,650,669 | 1,564,133 | 86,536 |
| Health and welfare | 2,623,990 | 3,669,262 | 3,029,935 | 639,327 |
| Education | 12,443,813 | 12,513,031 | 12,106,306 | 406,725 |
| Parks, recreation, and cultural | 828,006 | 699,895 | 628,855 | 71,040 |
| Community development | 880,805 | 873,075 | 728,830 | 144,245 |
| Debt service: | | | | |
| Principal retirement | 1,165,000 | 1,165,000 | 1,165,000 | - |
| Interest and other fiscal charges | 956,267 | 956,267 | 933,265 | 23,002 |
| Total expenditures | <u>\$ 26,871,110</u> | <u>\$ 27,962,883</u> | <u>\$ 26,218,970</u> | <u>\$ 1,743,913</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 93,390</u> | <u>\$ (150,297)</u> | <u>\$ 1,468,158</u> | <u>\$ 1,618,455</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>\$ (3,288,910)</u> | <u>\$ (2,868,704)</u> | <u>\$ (2,888,233)</u> | <u>\$ (19,529)</u> |
| Net change in fund balances | <u>\$ (3,195,520)</u> | <u>\$ (3,019,001)</u> | <u>\$ (1,420,075)</u> | <u>\$ 1,598,926</u> |
| Fund balances - beginning | 3,195,520 | 3,019,001 | 20,394,726 | 17,375,725 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,974,651</u> | <u>\$ 18,974,651</u> |

County of Surry, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Total pension liability | | |
| Service cost | \$ 446,163 | \$ 434,320 |
| Interest | 1,286,442 | 1,220,918 |
| Differences between expected and actual experience | 108,825 | 413,745 |
| Changes of assumptions | 557,716 | - |
| Benefit payments | (1,279,883) | (985,962) |
| Net change in total pension liability | \$ 1,119,263 | \$ 1,083,021 |
| Total pension liability - beginning | 19,017,687 | 17,934,666 |
| Total pension liability - ending (a) | <u>\$ 20,136,950</u> | <u>\$ 19,017,687</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 337,827 | \$ 273,087 |
| Contributions - employee | 315,066 | 207,895 |
| Net investment income | 1,156,309 | 1,241,488 |
| Benefit payments | (1,279,883) | (985,962) |
| Administrator charges | (11,909) | (10,908) |
| Other | (727) | (1,098) |
| Net change in plan fiduciary net position | \$ 516,683 | \$ 724,502 |
| Plan fiduciary net position - beginning | 17,686,553 | 16,962,051 |
| Plan fiduciary net position - ending (b) | <u>\$ 18,203,236</u> | <u>\$ 17,686,553</u> |
| County's net pension liability - ending (a) - (b) | \$ 1,933,714 | \$ 1,331,134 |
| Plan fiduciary net position as a percentage of the total pension liability | 90.40% | 93.00% |
| Covered payroll | \$ 4,269,888 | \$ 4,160,375 |
| County's net pension liability as a percentage of covered payroll | 45.29% | 32.00% |

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 12

| 2017 | 2016 | 2015 | 2014 |
|----------------------|----------------------|----------------------|----------------------|
| \$ 434,734 | \$ 417,603 | \$ 411,340 | \$ 391,145 |
| 1,170,206 | 1,139,509 | 1,132,119 | 1,071,965 |
| 124,012 | (23,768) | (553,229) | - |
| 29,310 | - | - | - |
| (1,081,657) | (1,107,975) | (661,340) | (546,185) |
| \$ 676,605 | \$ 425,369 | \$ 328,890 | \$ 916,925 |
| 17,258,061 | 16,832,692 | 16,503,802 | 15,586,877 |
| <u>\$ 17,934,666</u> | <u>\$ 17,258,061</u> | <u>\$ 16,832,692</u> | <u>\$ 16,503,802</u> |
| \$ 272,074 | \$ 361,721 | \$ 362,868 | \$ 382,061 |
| 219,825 | 189,642 | 191,927 | 181,266 |
| 1,883,572 | 263,004 | 703,835 | 2,102,412 |
| (1,081,657) | (1,107,975) | (661,340) | (546,185) |
| (11,235) | (10,178) | (9,603) | (11,194) |
| (1,658) | (115) | (147) | 110 |
| \$ 1,280,921 | \$ (303,901) | \$ 587,540 | \$ 2,108,470 |
| 15,681,130 | 15,985,031 | 15,397,491 | 13,289,021 |
| <u>\$ 16,962,051</u> | <u>\$ 15,681,130</u> | <u>\$ 15,985,031</u> | <u>\$ 15,397,491</u> |
| \$ 972,615 | \$ 1,576,931 | \$ 847,661 | \$ 1,106,311 |
| 94.58% | 90.86% | 94.96% | 93.30% |
| \$ 4,037,279 | \$ 3,876,167 | \$ 3,902,373 | \$ 3,608,554 |
| 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)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Total pension liability | | |
| Service cost | \$ 88,702 | \$ 86,110 |
| Interest | 420,410 | 404,448 |
| Differences between expected and actual experience | (140,755) | 171,557 |
| Changes of assumptions | 155,642 | - |
| Benefit payments | (454,841) | (413,322) |
| Net change in total pension liability | \$ 69,158 | \$ 248,793 |
| Total pension liability - beginning | 6,233,282 | 5,984,489 |
| Total pension liability - ending (a) | <u>\$ 6,302,440</u> | <u>\$ 6,233,282</u> |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 98,289 | \$ 95,668 |
| Contributions - employee | 72,395 | 44,917 |
| Net investment income | 344,493 | 381,041 |
| Benefit payments | (454,841) | (413,322) |
| Administrator charges | (3,598) | (3,443) |
| Other | (217) | (333) |
| Net change in plan fiduciary net position | \$ 56,521 | \$ 104,528 |
| Plan fiduciary net position - beginning | 5,368,078 | 5,263,550 |
| Plan fiduciary net position - ending (b) | <u>\$ 5,424,599</u> | <u>\$ 5,368,078</u> |
| School Division's net pension liability - ending (a) - (b) | \$ 877,841 | \$ 865,204 |
| Plan fiduciary net position as a percentage of the total pension liability | 86.07% | 86.12% |
| Covered payroll | \$ 961,628 | \$ 960,932 |
| School Division's net pension liability as a percentage of covered payroll | 91.29% | 90.04% |

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

Exhibit 13

| | 2017 | 2016 | 2015 | 2014 |
|----|------------------|------------------|------------------|------------------|
| \$ | 99,250 | \$ 101,589 | \$ 104,105 | \$ 103,206 |
| | 401,621 | 407,137 | 400,493 | 390,886 |
| | (44,242) | (175,816) | (4,521) | - |
| | (3,930) | - | - | - |
| | (411,306) | (412,126) | (398,190) | (315,519) |
| \$ | 41,393 | \$ (79,216) | \$ 101,887 | \$ 178,573 |
| | 5,943,096 | 6,022,312 | 5,920,425 | 5,741,852 |
| \$ | <u>5,984,489</u> | <u>5,943,096</u> | <u>6,022,312</u> | <u>5,920,425</u> |
| | | | | |
| \$ | 96,895 | \$ 118,759 | \$ 120,248 | \$ 114,008 |
| | 45,755 | 46,721 | 47,557 | 49,896 |
| | 587,284 | 82,954 | 228,563 | 708,437 |
| | (411,306) | (412,126) | (398,190) | (315,519) |
| | (3,581) | (3,252) | (3,306) | (3,912) |
| | (514) | (36) | (49) | 37 |
| \$ | 314,533 | \$ (166,980) | \$ (5,177) | \$ 552,947 |
| | 4,949,017 | 5,115,997 | 5,121,174 | 4,568,227 |
| \$ | <u>5,263,550</u> | <u>4,949,017</u> | <u>5,115,997</u> | <u>5,121,174</u> |
| | | | | |
| \$ | 720,939 | \$ 994,079 | \$ 906,315 | \$ 799,251 |
| | | | | |
| | 87.95% | 83.27% | 84.95% | 86.50% |
| | | | | |
| \$ | 960,463 | \$ 960,773 | \$ 962,804 | \$ 997,905 |
| | | | | |
| | 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, 2019

| | 2019 | 2018 |
|--|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset) | 0.09342% | 0.09847% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$ 12,294,603 | \$ 11,580,000 |
| Employer's Covered Payroll | \$ 7,795,885 | \$ 7,942,962 |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 157.71% | 145.79% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.51% | 74.81% |

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

| <hr/> | | | |
|---------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 |
| <hr/> | | | |
| 0.10080% | 0.10077% | 0.10636% | 0.10898% |
| \$ 12,396,000 | \$ 14,122,000 | \$ 13,387,000 | \$ 13,170,000 |
| \$ 7,902,638 | \$ 7,683,184 | \$ 7,907,861 | \$ 7,969,660 |
| 156.86% | 183.80% | 169.29% | 165.25% |
| 72.92% | 68.28% | 70.68% | 70.88% |

County of Surry, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

| 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 | | | | | | |
| 2020 | \$ | 355,419 | \$ 355,419 | \$ - | \$ 4,623,636 | 8.49% |
| 2019 | | 337,826 | 337,826 | - | 4,269,888 | 8.49% |
| 2018 | | 273,088 | 273,088 | - | 4,160,375 | 6.94% |
| 2017 | | 280,187 | 280,187 | - | 4,037,279 | 6.94% |
| 2016 | | 365,523 | 365,523 | - | 3,876,167 | 9.43% |
| 2015 | | 367,994 | 367,994 | - | 3,902,373 | 9.43% |
| 2014 | | 381,785 | 381,785 | - | 3,608,554 | 10.58% |
| 2013 | | 378,990 | 378,990 | - | 3,582,138 | 10.58% |
| 2012 | | 250,296 | 250,296 | - | 3,208,924 | 7.80% |
| 2011 | | 252,887 | 252,887 | - | 3,242,146 | 7.80% |
| Component Unit School Board (nonprofessional) | | | | | | |
| 2020 | \$ | 101,162 | \$ 101,162 | \$ - | \$ 996,677 | 10.89% |
| 2019 | | 98,289 | 98,289 | - | 961,628 | 10.89% |
| 2018 | | 96,055 | 96,055 | - | 960,932 | 10.50% |
| 2017 | | 100,849 | 100,849 | - | 960,463 | 10.50% |
| 2016 | | 120,577 | 120,577 | - | 960,773 | 12.55% |
| 2015 | | 120,832 | 120,832 | - | 962,804 | 12.55% |
| 2014 | | 113,661 | 113,661 | - | 997,905 | 11.39% |
| 2013 | | 111,808 | 111,808 | - | 981,630 | 11.39% |
| 2012 | | 62,721 | 62,721 | - | 884,643 | 7.09% |
| 2011 | | 66,611 | 66,611 | - | 939,508 | 7.09% |
| Component Unit School Board (professional) | | | | | | |
| 2020 | \$ | 1,130,433 | \$ 1,130,433 | \$ - | \$ 7,422,403 | 15.68% |
| 2019 | | 1,238,666 | 1,238,666 | - | 7,795,885 | 15.68% |
| 2018 | | 1,298,516 | 1,298,516 | - | 7,942,962 | 16.32% |
| 2017 | | 1,159,872 | 1,159,872 | - | 7,902,638 | 14.66% |
| 2016 | | 1,098,107 | 1,098,107 | - | 7,683,184 | 14.06% |
| 2015 | | 1,146,640 | 1,146,640 | - | 7,907,861 | 14.50% |
| 2014 | | 927,170 | 927,170 | - | 7,969,660 | 11.63% |
| 2013 | | 930,547 | 930,547 | - | 7,980,682 | 11.66% |
| 2012 | | 490,114 | 490,114 | - | 7,450,210 | 6.58% |
| 2011 | | 313,302 | 313,302 | - | 7,972,074 | 3.93% |

Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Surry, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through 2019

Exhibit 17

| 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: | | | | | |
| 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): | | | | | |
| 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): | | | | | |
| 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, 2011 through June 30, 2020

Exhibit 18

| 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: | | | | | |
| 2020 | \$ 24,059 | \$ 24,059 | - \$ | 4,623,636 | 0.52% |
| 2019 | 22,203 | 22,203 | - | 4,269,888 | 0.52% |
| 2018 | 21,634 | 21,634 | - | 4,160,375 | 0.52% |
| 2017 | 21,052 | 21,052 | - | 4,048,531 | 0.52% |
| 2016 | 18,606 | 18,606 | - | 3,876,167 | 0.48% |
| 2015 | 18,768 | 18,768 | - | 3,910,006 | 0.48% |
| 2014 | 17,321 | 17,321 | - | 3,608,554 | 0.48% |
| 2013 | 17,194 | 17,194 | - | 3,582,138 | 0.48% |
| 2012 | 8,985 | 8,985 | - | 3,208,924 | 0.28% |
| 2011 | 9,078 | 9,078 | - | 3,242,146 | 0.28% |
| Component Unit School Board (professional): | | | | | |
| 2020 | \$ 38,733 | \$ 38,733 | - \$ | 7,448,568 | 0.52% |
| 2019 | 40,539 | 40,539 | - | 7,795,885 | 0.52% |
| 2018 | 41,303 | 41,303 | - | 7,942,962 | 0.52% |
| 2017 | 41,094 | 41,094 | - | 7,902,638 | 0.52% |
| 2016 | 36,879 | 36,879 | - | 7,683,184 | 0.48% |
| 2015 | 37,958 | 37,958 | - | 7,907,861 | 0.48% |
| 2014 | 38,321 | 38,321 | - | 7,983,511 | 0.48% |
| 2013 | 38,761 | 38,761 | - | 8,075,134 | 0.48% |
| 2012 | 20,846 | 20,846 | - | 7,445,095 | 0.28% |
| 2011 | 22,322 | 22,322 | - | 7,972,074 | 0.28% |
| Component Unit School Board (nonprofessional): | | | | | |
| 2020 | \$ 5,347 | \$ 5,347 | - \$ | 1,028,265 | 0.52% |
| 2019 | 5,000 | 5,000 | - | 961,628 | 0.52% |
| 2018 | 4,997 | 4,997 | - | 960,932 | 0.52% |
| 2017 | 4,994 | 4,994 | - | 960,463 | 0.52% |
| 2016 | 4,612 | 4,612 | - | 960,773 | 0.48% |
| 2015 | 4,621 | 4,621 | - | 962,804 | 0.48% |
| 2014 | 4,809 | 4,809 | - | 1,001,916 | 0.48% |
| 2013 | 4,712 | 4,712 | - | 981,630 | 0.48% |
| 2012 | 2,477 | 2,477 | - | 884,643 | 0.28% |
| 2011 | 2,631 | 2,631 | - | 939,508 | 0.28% |

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2020

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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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, 2019

| 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) |
|-------------|---|---|---|--|---|
| 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, 2011 through June 30, 2020

Exhibit 21

| 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) |
|------|--|---|---|---|---|
| 2020 | \$ 89,069 | \$ 89,069 | \$ - | \$ 7,422,403 | 1.20% |
| 2019 | 93,551 | 93,551 | - | 7,795,885 | 1.20% |
| 2018 | 97,698 | 97,698 | - | 7,942,962 | 1.23% |
| 2017 | 87,719 | 87,719 | - | 7,902,638 | 1.11% |
| 2016 | 81,442 | 81,442 | - | 7,683,184 | 1.06% |
| 2015 | 83,823 | 83,823 | - | 7,907,861 | 1.06% |
| 2014 | 88,463 | 88,463 | - | 7,969,660 | 1.11% |
| 2013 | 88,586 | 88,586 | - | 7,980,682 | 1.11% |
| 2012 | 44,701 | 44,701 | - | 7,450,210 | 0.60% |
| 2011 | 47,832 | 47,832 | - | 7,972,074 | 0.60% |

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Surry, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2020

Exhibit 23

| | 2020 | 2019 | 2018 |
|--|------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 8,719 | \$ 8,873 | \$ 9,121 |
| Interest | 4,356 | 4,840 | 4,495 |
| Economic/demographic gains or losses | (35,801) | - | - |
| Changes in assumptions | 11,190 | 3,247 | (3,020) |
| Benefit payments | (19,835) | (14,993) | (12,465) |
| Net change in total OPEB liability | \$ (31,371) | \$ 1,967 | \$ (1,869) |
| Total OPEB liability - beginning | 125,575 | 123,608 | 125,477 |
| Total OPEB liability - ending | <u>\$ 94,204</u> | <u>\$ 125,575</u> | <u>\$ 123,608</u> |
| Covered payroll | \$ 4,585,039 | \$ 4,125,259 | \$ 4,125,259 |
| County's total OPEB liability (asset) as a percentage of covered payroll | 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, 2020

| | 2020 | 2019 | 2018 |
|--|-------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 26,326 | \$ 25,610 | \$ 26,477 |
| Interest | 20,049 | 21,784 | 20,569 |
| Economic/demographic gains or losses | (63,747) | - | - |
| Changes in assumptions | 48,680 | 16,233 | (15,903) |
| Benefit payments | (52,680) | (56,263) | (53,761) |
| Net change in total OPEB liability | \$ (21,372) | \$ 7,364 | \$ (22,618) |
| Total OPEB liability - beginning | 572,620 | 565,256 | 587,874 |
| Total OPEB liability - ending | <u>\$ 551,248</u> | <u>\$ 572,620</u> | <u>\$ 565,256</u> |
| Covered payroll | \$ 7,912,542 | \$ 8,596,400 | \$ 8,596,400 |
| School Board's total OPEB liability (asset) as a percentage of covered payroll | 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, 2020

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

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal, level percentage of pay |
| Discount Rate | 2.21% based on Bond Buyer 20-Year Bond GO Index |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 4.40% for 2020, 5.50% for 2021, 4.90% for 2022, then grading to an ultimate rate of 4.00% for 2073 |
| Salary Increase Rates | The salary increase rate was 3.50% per annum |
| Retirement Age | The average age of retirement is 65 |
| Mortality Rates | Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates. |

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

Valuation Date: 1/1/2020

Measurement Date: 6/30/2020

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal, level percentage of pay |
| Discount Rate | 2.21% based on Bond Buyer 20-Year Bond GO Index |
| Inflation | 2.50% |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 0.80% in 2020, 5.60% in 2021, 4.90% in 2022, then grading to an ultimate rate of 4.00% in 2073 |
| 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. |

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OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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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, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 138,268 | \$ 138,268 |
| Miscellaneous | - | - | 150,000 | 150,000 |
| Intergovernmental: | | | | |
| Commonwealth | - | 135,346 | - | (135,346) |
| Federal | - | - | 967,420 | 967,420 |
| Total revenues | \$ - | \$ 135,346 | \$ 1,255,688 | \$ 1,120,342 |
| EXPENDITURES | | | | |
| Capital projects | \$ 3,118,000 | \$ 9,704,243 | \$ 7,554,938 | \$ 2,149,305 |
| Total expenditures | \$ 3,118,000 | \$ 9,704,243 | \$ 7,554,938 | \$ 2,149,305 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (3,118,000) | \$ (9,568,897) | \$ (6,299,250) | \$ 3,269,647 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 3,118,000 | \$ 2,645,694 | \$ 2,678,618 | \$ 32,924 |
| Issuance of general obligation bonds | - | 6,405,602 | - | (6,405,602) |
| Total other financing sources (uses) | \$ 3,118,000 | \$ 9,051,296 | \$ 2,678,618 | \$ (6,372,678) |
| Net change in fund balances | \$ - | \$ (517,601) | \$ (3,620,632) | \$ (3,103,031) |
| Fund balances - beginning | - | 517,601 | 2,862,065 | 2,344,464 |
| Fund balances - ending | \$ - | \$ - | \$ (758,567) | \$ (758,567) |

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, 2020

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>(Negative)</u> |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ 55 | \$ 55 | \$ 76 | \$ 21 |
| Miscellaneous | 11,700 | 11,700 | 6,707 | (4,993) |
| Total revenues | \$ 11,755 | \$ 11,755 | \$ 6,783 | \$ (4,972) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | \$ 25,000 | \$ 25,000 | \$ - | \$ 25,000 |
| Community development | 91,730 | 91,730 | 26,375 | 65,355 |
| Total expenditures | \$ 116,730 | \$ 116,730 | \$ 26,375 | \$ 90,355 |
| Excess (deficiency) of revenues over (under) expenditures | \$ (104,975) | \$ (104,975) | \$ (19,592) | \$ 85,383 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ 80,000 | \$ 80,000 | \$ 100,000 | \$ 20,000 |
| Total other financing sources (uses) | \$ 80,000 | \$ 80,000 | \$ 100,000 | \$ 20,000 |
| Net change in fund balances | \$ (24,975) | \$ (24,975) | \$ 80,408 | \$ 105,383 |
| Fund balances - beginning | 24,975 | 24,975 | 476,059 | 451,084 |
| Fund balances - ending | \$ - | \$ - | \$ 556,467 | \$ 556,467 |

County of Surry, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | Agency Funds | | | | |
|--|----------------------------|-----------------------|---|--------------|----------------|
| | <u>Special Welfare</u> | <u>Crater AAA</u> | <u>Emergency Food and Shelter</u> | <u>Total</u> | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 52,077 | \$ 145,635 | \$ 140 | \$ | 197,852 |
| Total assets | <u>\$ 52,077</u> | <u>\$ 145,635</u> | <u>\$ 140</u> | <u>\$</u> | <u>197,852</u> |
| LIABILITIES | | | | | |
| Amounts held for others | \$ - | \$ 145,635 | \$ 140 | \$ | 145,775 |
| Amounts held for social services clients | 52,077 | - | - | | 52,077 |
| Total liabilities | <u>\$ 52,077</u> | <u>\$ 145,635</u> | <u>\$ 140</u> | <u>\$</u> | <u>197,852</u> |

County of Surry, Virginia
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2020

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year |
|--|---------------------------------|-----------|-----------|---------------------------|
| Special Welfare Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 38,599 | \$ 16,234 | \$ 2,756 | \$ 52,077 |
| Liabilities: | | | | |
| Amounts held for social services clients | \$ 38,599 | \$ 16,234 | \$ 2,756 | \$ 52,077 |
| Crater AAA Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 125,923 | \$ 28,471 | \$ 8,759 | \$ 145,635 |
| Liabilities: | | | | |
| Accounts payable | \$ 222 | \$ - | \$ 222 | \$ - |
| Amounts held for others | 125,701 | 28,471 | 8,537 | 145,635 |
| Total liabilities | \$ 125,923 | \$ 28,471 | \$ 8,759 | \$ 145,635 |
| Emergency Food and Shelter Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 140 | \$ - | \$ - | \$ 140 |
| Liabilities: | | | | |
| Amounts held for others | \$ 140 | \$ - | \$ - | \$ 140 |
| Totals -- All Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 164,662 | \$ 44,705 | \$ 11,515 | \$ 197,852 |
| Total assets | \$ 164,662 | \$ 44,705 | \$ 11,515 | \$ 197,852 |
| Liabilities: | | | | |
| Accounts payable | \$ 222 | \$ - | \$ 222 | \$ - |
| Amounts held for others | 125,841 | 28,471 | 8,537 | 145,775 |
| Amounts held for social services clients | 38,599 | 16,234 | 2,756 | 52,077 |
| Total liabilities | \$ 164,662 | \$ 44,705 | \$ 11,515 | \$ 197,852 |

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Surry, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2020

| | School Operating <u>Fund</u> | School Cafeteria <u>Fund</u> | Total Governmental <u>Funds</u> |
|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,987,736 | \$ 43,169 | \$ 2,030,905 |
| Accounts receivable | 14,879 | - | 14,879 |
| Due from other governmental units | 453,817 | 28,806 | 482,623 |
| Total assets | <u>\$ 2,456,432</u> | <u>\$ 71,975</u> | <u>\$ 2,528,407</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 112,073 | \$ 1,308 | \$ 113,381 |
| Accrued liabilities | 1,378,794 | 38,391 | 1,417,185 |
| Due to other governmental units | 965,565 | - | 965,565 |
| Total liabilities | <u>\$ 2,456,432</u> | <u>\$ 39,699</u> | <u>\$ 2,496,131</u> |
| FUND BALANCES | | | |
| Committed: | | | |
| School Cafeteria Fund | \$ - | \$ 32,276 | \$ 32,276 |
| Total fund balances | <u>\$ -</u> | <u>\$ 32,276</u> | <u>\$ 32,276</u> |
| Total liabilities and fund balances | <u>\$ 2,456,432</u> | <u>\$ 71,975</u> | <u>\$ 2,528,407</u> |

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

| | |
|-------------------------------|-----------|
| Total fund balances per above | \$ 32,276 |
|-------------------------------|-----------|

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

| | | |
|--------------------------|---------------------|-----------|
| Capital assets cost | \$ 27,429,204 | |
| Accumulated depreciation | <u>(18,891,859)</u> | 8,537,345 |

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

| | | |
|-----------------------|----------------|-----------|
| Pension related items | \$ 2,523,924 | |
| OPEB related items | <u>307,165</u> | 2,831,089 |

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

| | | |
|-----------------------|--------------------|--------------|
| Net pension liability | \$ (13,172,444) | |
| Net OPEB liability | <u>(2,494,986)</u> | (15,667,430) |

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

| | | |
|-----------------------|------------------|-------------|
| Pension related items | \$ (2,127,063) | |
| OPEB related items | <u>(246,213)</u> | (2,373,276) |

| | | |
|---|--|-----------------------|
| Net position of governmental activities | | <u>\$ (6,639,996)</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, 2020

| | School Operating <u>Fund</u> | School Cafeteria <u>Fund</u> | Total Governmental <u>Funds</u> |
|---|------------------------------------|------------------------------------|---------------------------------------|
| REVENUES | | | |
| Revenue from the use of money and property | \$ 348 | \$ - | \$ 348 |
| Charges for services | - | 104,266 | 104,266 |
| Miscellaneous | 21,082 | - | 21,082 |
| Intergovernmental: | | | |
| Local government | 12,104,993 | - | 12,104,993 |
| Commonwealth | 2,412,940 | 8,608 | 2,421,548 |
| Federal | 618,126 | 356,126 | 974,252 |
| Total revenues | <u>\$ 15,157,489</u> | <u>\$ 469,000</u> | <u>\$ 15,626,489</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Education | \$ 15,157,489 | \$ 447,320 | \$ 15,604,809 |
| Total expenditures | <u>\$ 15,157,489</u> | <u>\$ 447,320</u> | <u>\$ 15,604,809</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ -</u> | <u>\$ 21,680</u> | <u>\$ 21,680</u> |
| Net change in fund balances | \$ - | \$ 21,680 | \$ 21,680 |
| Fund balances - beginning | - | 10,596 | 10,596 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 32,276</u> | <u>\$ 32,276</u> |

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 \$ 21,680

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 | \$ 1,101,108 | |
| Depreciation expense | (697,108) | |
| Activity related to joint tenancy assets of Component Unit and Primary Government | <u>14,326</u> | 418,326 |

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 | \$ 45,266 | |
| Pension expense | 120,515 | |
| (Increase) decrease in compensated absences | <u>46,084</u> | 211,865 |

Change in net position of governmental activities \$ 651,871

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, 2020

| | School Operating Fund | | | Variance with Final Budget Positive (Negative) |
|---|-----------------------|---------------|---------------|---|
| | Budgeted Amounts | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from the use of money and property | \$ - | \$ - | \$ 348 | \$ 348 |
| Charges for services | - | - | - | - |
| Miscellaneous | 32,132 | 45,683 | 21,082 | (24,601) |
| Intergovernmental: | | | | |
| Local government | 12,440,000 | 12,509,218 | 12,104,993 | (404,225) |
| Commonwealth | 2,493,309 | 2,493,309 | 2,412,940 | (80,369) |
| Federal | 806,864 | 889,374 | 618,126 | (271,248) |
| Total revenues | \$ 15,772,305 | \$ 15,937,584 | \$ 15,157,489 | \$ (780,095) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | \$ 15,772,305 | \$ 15,937,584 | \$ 15,157,489 | \$ 780,095 |
| Total expenditures | \$ 15,772,305 | \$ 15,937,584 | \$ 15,157,489 | \$ 780,095 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balances | \$ - | \$ - | \$ - | \$ - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | \$ - | \$ - | \$ - | \$ - |

| School Cafeteria Fund | | | | | |
|-----------------------|--------------|---------------|---|----------|---|
| Budgeted Amounts | | | Variance with Final Budget Positive (Negative) | | |
| <u>Original</u> | <u>Final</u> | <u>Actual</u> | | | |
| \$ - | \$ - | \$ - | \$ - | | - |
| 160,000 | 160,000 | 104,266 | | (55,734) | |
| - | - | - | | - | |
| - | - | - | | - | |
| 8,500 | 8,500 | 8,608 | | 108 | |
| 350,000 | 350,000 | 356,126 | | 6,126 | |
| \$ 518,500 | \$ 518,500 | \$ 469,000 | \$ | (49,500) | |
| | | | | | |
| \$ 518,500 | \$ 518,500 | \$ 447,320 | \$ | 71,180 | |
| \$ 518,500 | \$ 518,500 | \$ 447,320 | \$ | 71,180 | |
| | | | | | |
| \$ - | \$ - | \$ 21,680 | \$ | 21,680 | |
| | | | | | |
| \$ - | \$ - | \$ 21,680 | \$ | 21,680 | |
| - | - | 10,596 | | 10,596 | |
| \$ - | \$ - | \$ 32,276 | \$ | 32,276 | |

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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County of Surry, Virginia
Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2020

ASSETS

Current assets:

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ <u>88,495</u> |
|---------------------------|------------------|

NET POSITION

| | |
|--------------------|-------------------------|
| Unrestricted | \$ <u>88,495</u> |
| Total net position | \$ <u><u>88,495</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, 2020

OPERATING REVENUES

Charges for services:

| | | |
|-------|----|-------|
| Rents | \$ | 5,322 |
|-------|----|-------|

| | | |
|--------------------------|----|-------|
| Total operating revenues | \$ | 5,322 |
|--------------------------|----|-------|

OPERATING EXPENSES

| | | |
|--------------------|----|-------|
| Personnel services | \$ | 6,840 |
|--------------------|----|-------|

| | | |
|-------------------------|----|---------|
| Operating income (loss) | \$ | (1,518) |
|-------------------------|----|---------|

NONOPERATING REVENUES (EXPENSES)

| | | |
|--|----|--------|
| Contribution from Surry County - CARES funds | \$ | 20,000 |
|--|----|--------|

| | | |
|-----------------|--|----|
| Interest income | | 35 |
|-----------------|--|----|

| | | |
|--|----|--------|
| Total nonoperating revenues (expenses) | \$ | 20,035 |
|--|----|--------|

| | | |
|------------------------|----|--------|
| Change in net position | \$ | 18,517 |
|------------------------|----|--------|

| | | |
|--------------------------------|--|--------|
| Total net position - beginning | | 69,978 |
|--------------------------------|--|--------|

| | | |
|-----------------------------|----|--------|
| Total net position - ending | \$ | 88,495 |
|-----------------------------|----|--------|

County of Surry, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-------------------|
| Receipts from customers and users | \$ 5,322 |
| Payments for operating activities | (6,840) |
| Net cash provided by (used for) operating activities | <u>\$ (1,518)</u> |

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

| | |
|---|------------------|
| Contribution from Surry County - CARES funds | \$ 20,000 |
| Net cash provided (used) by capital and related financing activities | <u>\$ 20,000</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|--------------|
| Interest income | \$ 35 |
| Net cash provided by (used for) investing activities | <u>\$ 35</u> |

Net increase (decrease) in cash and cash equivalents \$ 18,517

| | |
|---------------------------------------|-------------------------|
| Cash and cash equivalents - beginning | 69,978 |
| Cash and cash equivalents - ending | <u><u>\$ 88,495</u></u> |

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

| | |
|--|--------------------------|
| Operating income (loss) | \$ (1,518) |
| Net cash provided (used) by operating activities | <u><u>\$ (1,518)</u></u> |

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SUPPORTING SCHEDULES

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County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 6,550,000 | \$ 6,550,000 | \$ 6,586,363 | \$ 36,363 |
| Real and personal public service corporation taxes | 13,949,589 | 13,949,589 | 13,757,889 | (191,700) |
| Personal property taxes | 1,437,000 | 1,437,000 | 1,574,633 | 137,633 |
| Penalties | 45,000 | 45,000 | 48,738 | 3,738 |
| Interest | 70,000 | 70,000 | 56,161 | (13,839) |
| Total general property taxes | \$ 22,051,589 | \$ 22,051,589 | \$ 22,023,784 | \$ (27,805) |
| Other local taxes: | | | | |
| Local sales and use taxes | \$ 400,000 | \$ 400,000 | \$ 634,915 | \$ 234,915 |
| Consumption tax | 20,000 | 20,000 | 18,863 | (1,137) |
| Business license taxes | 95,000 | 95,000 | 270,789 | 175,789 |
| Motor vehicle licenses | 135,000 | 135,000 | 132,391 | (2,609) |
| Taxes on recordation and wills | 60,000 | 60,000 | 61,187 | 1,187 |
| Total other local taxes | \$ 710,000 | \$ 710,000 | \$ 1,118,145 | \$ 408,145 |
| Permits, privilege fees, and regulatory licenses: | | | | |
| Animal licenses | \$ 3,400 | \$ 3,400 | \$ 3,405 | \$ 5 |
| Building permits | 20,000 | 20,000 | 17,472 | (2,528) |
| Permits and other licenses | 9,400 | 9,400 | 17,531 | 8,131 |
| Total permits, privilege fees, and regulatory licenses | \$ 32,800 | \$ 32,800 | \$ 38,408 | \$ 5,608 |
| Fines and forfeitures: | | | | |
| Court fines and forfeitures | \$ 45,000 | \$ 45,000 | \$ 31,272 | \$ (13,728) |
| Revenue from use of money and property: | | | | |
| Revenue from use of money | \$ 400,075 | \$ 400,075 | \$ 202,420 | \$ (197,655) |
| Revenue from use of property | 126,526 | 126,526 | 111,802 | (14,724) |
| Total revenue from use of money and property | \$ 526,601 | \$ 526,601 | \$ 314,222 | \$ (212,379) |
| Charges for services: | | | | |
| Sheriff fees | \$ 10,550 | \$ 10,550 | \$ 7,763 | \$ (2,787) |
| Charges for Commonwealth's Attorney | 1,000 | 1,000 | 1,203 | 203 |
| Charges for Treasurer | 500 | 500 | 186 | (314) |
| Courthouse maintenance fees | 2,700 | 2,700 | 1,773 | (927) |
| Charges for other court services | 4,400 | 4,400 | 4,398 | (2) |
| Charges for ambulance | 190,000 | 190,000 | 189,257 | (743) |
| Charges for sanitation and waste removal | - | - | 7,694 | 7,694 |
| Charges for farmers market vendor fees | 500 | 500 | 50 | (450) |
| Charges for parks and recreation | 24,000 | 24,000 | 16,893 | (7,107) |
| Total charges for services | \$ 233,650 | \$ 233,650 | \$ 229,217 | \$ (4,433) |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 28,750 | \$ 69,963 | \$ 158,822 | \$ 88,859 |

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

| <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 | \$ - | \$ - | \$ 8,520 | \$ 8,520 |
| Recovered costs | 18,500 | 18,500 | 27,447 | 8,947 |
| Total recovered costs | \$ 18,500 | \$ 18,500 | \$ 35,967 | \$ 17,467 |
| Total revenue from local sources | \$ 23,646,890 | \$ 23,688,103 | \$ 23,949,837 | \$ 261,734 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Noncategorical aid: | | | | |
| Mobile home titling tax | \$ 10,000 | \$ 10,000 | \$ 8,080 | \$ (1,920) |
| Taxes on deeds | 20,000 | 20,000 | 11,663 | (8,337) |
| Communications tax | 45,000 | 45,000 | 42,594 | (2,406) |
| Auto rental tax | - | - | 523 | 523 |
| State recordation tax | 13,000 | 13,000 | 19,878 | 6,878 |
| Personal property tax relief funds | 677,907 | 677,907 | 677,907 | - |
| Total noncategorical aid | \$ 765,907 | \$ 765,907 | \$ 760,645 | \$ (5,262) |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's attorney | \$ 172,187 | \$ 172,187 | \$ 172,012 | \$ (175) |
| Sheriff | 490,876 | 490,876 | 488,094 | (2,782) |
| Commissioner of revenue | 78,653 | 78,653 | 74,644 | (4,009) |
| Treasurer | 67,301 | 67,301 | 69,852 | 2,551 |
| Registrar/electoral board | 37,663 | 37,663 | 43,525 | 5,862 |
| Clerk of the circuit court | 162,071 | 162,071 | 183,814 | 21,743 |
| Total shared expenses | \$ 1,008,751 | \$ 1,008,751 | \$ 1,031,941 | \$ 23,190 |
| Other categorical aid: | | | | |
| Public assistance and welfare administration | \$ 516,917 | \$ 516,917 | \$ 417,272 | \$ (99,645) |
| Fire programs fund | 20,607 | 20,607 | 22,450 | 1,843 |
| Children's services act | 79,747 | 246,049 | 276,603 | 30,554 |
| Wireless funds | 45,000 | 45,000 | 42,997 | (2,003) |
| Emergency medical services | 8,125 | 8,125 | - | (8,125) |
| Victim-witness grant | 76,585 | 76,585 | 23,950 | (52,635) |
| Animal friendly plates | - | - | 93 | 93 |
| Radiological emergency preparedness grant | 30,000 | 30,000 | 30,000 | - |
| Records preservation grant | - | 12,694 | 12,694 | - |
| Litter control | 6,038 | 6,038 | 4,883 | (1,155) |
| VA information technology | - | - | 934 | 934 |
| DMV grant | - | 12,500 | - | (12,500) |
| Virginia rules camp | - | 4,996 | 4,996 | - |
| Total other categorical aid | \$ 783,019 | \$ 979,511 | \$ 836,872 | \$ (142,639) |
| Total categorical aid | \$ 1,791,770 | \$ 1,988,262 | \$ 1,868,813 | \$ (119,449) |
| Total revenue from the Commonwealth | \$ 2,557,677 | \$ 2,754,169 | \$ 2,629,458 | \$ (124,711) |

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the federal government: | | | | |
| Noncategorical aid: | | | | |
| CARES Act | \$ - | \$ 606,675 | \$ 121,121 | \$ (485,554) |
| Payments in lieu of taxes | 300 | 300 | 368 | 68 |
| Total noncategorical aid | \$ 300 | \$ 606,975 | \$ 121,489 | \$ (485,486) |
| Categorical aid: | | | | |
| Public assistance and welfare administration | \$ 755,633 | \$ 755,633 | \$ 929,717 | \$ 174,084 |
| Criminal justice grant | - | - | 52,094 | 52,094 |
| Sheriff DMV grant | - | - | 4,533 | 4,533 |
| Law enforcement block grant | - | 3,706 | - | (3,706) |
| Summer feeding program | 4,000 | 4,000 | - | (4,000) |
| Total categorical aid | \$ 759,633 | \$ 763,339 | \$ 986,344 | \$ 223,005 |
| Total revenue from the federal government | \$ 759,933 | \$ 1,370,314 | \$ 1,107,833 | \$ (262,481) |
| Total General Fund | \$ 26,964,500 | \$ 27,812,586 | \$ 27,687,128 | \$ (125,458) |
| Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ 55 | \$ 55 | \$ 76 | \$ 21 |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 11,700 | \$ 11,700 | \$ 6,707 | \$ (4,993) |
| Total revenue from local sources | \$ 11,755 | \$ 11,755 | \$ 6,783 | \$ (4,972) |
| Total Special Revenue Fund | \$ 11,755 | \$ 11,755 | \$ 6,783 | \$ (4,972) |
| County Capital Projects Fund: | | | | |
| Revenue from local sources: | | | | |
| Revenue from use of money and property: | | | | |
| Revenue from the use of money | \$ - | \$ - | \$ 138,268 | \$ 138,268 |
| Miscellaneous: | | | | |
| Miscellaneous | \$ - | \$ - | \$ 150,000 | \$ 150,000 |
| Total revenue from local sources | \$ - | \$ - | \$ 288,268 | \$ 288,268 |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| PSAP grant | \$ - | \$ 135,346 | \$ - | \$ (135,346) |
| Total categorical aid | \$ - | \$ 135,346 | \$ - | \$ (135,346) |
| Total revenue from the Commonwealth | \$ - | \$ 135,346 | \$ - | \$ (135,346) |

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| County Capital Projects Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Boating infrastructure grant | \$ - | \$ - | \$ 967,420 | \$ 967,420 |
| Total categorical aid | \$ - | \$ - | \$ 967,420 | \$ 967,420 |
| Total revenue from the federal government | \$ - | \$ - | \$ 967,420 | \$ 967,420 |
| Total County Capital Projects Fund | \$ - | \$ 135,346 | \$ 1,255,688 | \$ 1,120,342 |
| Total Primary Government | \$ 26,976,255 | \$ 27,959,687 | \$ 28,949,599 | \$ 989,912 |
| 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 | \$ - | \$ - | \$ 348 | \$ 348 |
| Total revenue from use of money and property | \$ - | \$ - | \$ 348 | \$ 348 |
| Miscellaneous: | | | | |
| Miscellaneous | \$ 32,132 | \$ 45,683 | \$ 21,082 | \$ (24,601) |
| Total revenue from local sources | \$ 32,132 | \$ 45,683 | \$ 21,430 | \$ (24,253) |
| Intergovernmental: | | | | |
| Revenues from local governments: | | | | |
| Contribution from County of Surry | \$ 12,440,000 | \$ 12,509,218 | \$ 12,104,993 | \$ (404,225) |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Share of state sales tax | \$ 970,556 | \$ 970,556 | \$ 989,130 | \$ 18,574 |
| Basic school aid | 722,282 | 722,282 | 717,918 | (4,364) |
| Remedial summer education | 10,157 | 10,157 | 13,338 | 3,181 |
| GED funding | 8,355 | 8,355 | - | (8,355) |
| Gifted and talented | 6,850 | 6,850 | 6,845 | (5) |
| Special education | 97,227 | 97,227 | 106,837 | 9,610 |
| Textbook payment | 13,795 | 13,795 | 13,785 | (10) |
| Remedial education | 32,332 | 32,332 | 32,310 | (22) |
| Vocational education | 61,636 | 61,636 | 63,445 | 1,809 |
| Early reading intervention | 4,011 | 4,011 | 4,011 | - |
| School fringes | 152,070 | 152,070 | 151,966 | (104) |
| English as a second language | 673 | 673 | 942 | 269 |
| Technology | 128,000 | 128,000 | - | (128,000) |
| Mentor teacher program | 206 | 206 | 632 | 426 |
| Lottery payments | 50,229 | 50,229 | 50,109 | (120) |
| At risk payments | 47,477 | 47,477 | 47,492 | 15 |
| Primary class size | 41,057 | 41,057 | 42,224 | 1,167 |
| SOL algebra readiness | 3,142 | 3,142 | 4,130 | 988 |
| At risk four-year olds | 91,727 | 91,727 | 72,749 | (18,978) |
| Project graduation | 4,068 | 4,068 | 3,142 | (926) |

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

| <u>Fund, Major and Minor Revenue Source</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Discretely Presented Component Unit - School Board: (Continued) | | | | |
| School Operating Fund: (Continued) | | | | |
| Intergovernmental: (Continued) | | | | |
| Revenue from the Commonwealth: (Continued) | | | | |
| Categorical aid: (Continued) | | | | |
| Other state funds | 47,459 | 47,459 | 91,935 | 44,476 |
| Total categorical aid | \$ 2,493,309 | \$ 2,493,309 | \$ 2,412,940 | \$ (80,369) |
| Total revenue from the Commonwealth | \$ 2,493,309 | \$ 2,493,309 | \$ 2,412,940 | \$ (80,369) |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Title I | \$ 214,270 | \$ 214,270 | \$ 226,237 | \$ 11,967 |
| Title VI-B, special education flow-through | 291,937 | 291,937 | 191,999 | (99,938) |
| Vocational education | 17,146 | 17,146 | 9,109 | (8,037) |
| Title VI-B, special education pre-school | - | 9,159 | - | (9,159) |
| JROTC | 82,000 | 82,000 | 69,622 | (12,378) |
| Twenty-first Century Grant | 201,511 | 201,511 | 119,836 | (81,675) |
| Other federal funds | \$ - | \$ 73,351 | \$ 1,323 | \$ (72,028) |
| Total categorical aid | \$ 806,864 | \$ 889,374 | \$ 618,126 | \$ (271,248) |
| Total revenue from the federal government | \$ 806,864 | \$ 889,374 | \$ 618,126 | \$ (271,248) |
| Total School Operating Fund | \$ 15,772,305 | \$ 15,937,584 | \$ 15,157,489 | \$ (780,095) |
| Special Revenue Fund: | | | | |
| School Cafeteria Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Cafeteria sales | \$ 160,000 | \$ 160,000 | \$ 104,266 | \$ (55,734) |
| Total charges for services | \$ 160,000 | \$ 160,000 | \$ 104,266 | \$ (55,734) |
| Total revenue from local sources | \$ 160,000 | \$ 160,000 | \$ 104,266 | \$ (55,734) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| School food program | \$ 8,500 | \$ 8,500 | \$ 8,608 | \$ 108 |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| School food program | \$ 325,000 | \$ 325,000 | \$ 334,039 | \$ 9,039 |
| Commodities | 25,000 | 25,000 | 22,087 | (2,913) |
| Total categorical aid | \$ 350,000 | \$ 350,000 | \$ 356,126 | \$ 6,126 |
| Total revenue from the federal government | \$ 350,000 | \$ 350,000 | \$ 356,126 | \$ 6,126 |
| Total School Cafeteria Fund | \$ 518,500 | \$ 518,500 | \$ 469,000 | \$ (49,500) |
| Total Discretely Presented Component Unit - School Board | \$ 16,290,805 | \$ 16,456,084 | \$ 15,626,489 | \$ (829,595) |

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County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 1 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: | | | | |
| General government administration: | | | | |
| Legislative: | | | | |
| Board of supervisors | \$ 378,044 | \$ 211,575 | \$ 116,398 | \$ 95,177 |
| General and financial administration: | | | | |
| County administrator | \$ 391,119 | \$ 476,692 | \$ 468,689 | \$ 8,003 |
| Legal services | 86,089 | 93,089 | 90,927 | 2,162 |
| Commissioner of revenue | 235,687 | 239,275 | 229,027 | 10,248 |
| Independent audit | 47,895 | 47,895 | 47,140 | 755 |
| Treasurer | 291,930 | 302,769 | 265,227 | 37,542 |
| Finance department | 193,268 | 138,245 | 132,161 | 6,084 |
| Information technology | 359,650 | 374,057 | 372,337 | 1,720 |
| Total general and financial administration | \$ 1,605,638 | \$ 1,672,022 | \$ 1,605,508 | \$ 66,514 |
| Board of elections: | | | | |
| Electoral board and officials | \$ 131,910 | \$ 138,130 | \$ 136,426 | \$ 1,704 |
| Total general government administration | \$ 2,115,592 | \$ 2,021,727 | \$ 1,858,332 | \$ 163,395 |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit court | \$ 19,000 | \$ 20,000 | \$ 19,300 | \$ 700 |
| General district court | 48,563 | 47,449 | 43,608 | 3,841 |
| Special magistrates | 725 | 725 | - | 725 |
| Victim Witness | 70,000 | 70,000 | 71,182 | (1,182) |
| Clerk of the circuit court | 285,829 | 290,001 | 277,747 | 12,254 |
| Total courts | \$ 424,117 | \$ 428,175 | \$ 411,837 | \$ 16,338 |
| Commonwealth's attorney: | | | | |
| Commonwealth's attorney | \$ 272,620 | \$ 274,224 | \$ 249,093 | \$ 25,131 |
| Total judicial administration | \$ 696,737 | \$ 702,399 | \$ 660,930 | \$ 41,469 |
| Public safety: | | | | |
| Law enforcement and traffic control: | | | | |
| Sheriff | \$ 1,678,395 | \$ 1,723,903 | \$ 1,675,434 | \$ 48,469 |
| Virginia juvenile crime control act | 42,219 | 11,594 | 5,689 | 5,905 |
| Total law enforcement and traffic control | \$ 1,720,614 | \$ 1,735,497 | \$ 1,681,123 | \$ 54,374 |
| Fire and rescue services: | | | | |
| Fire department/rescue services | \$ 652,303 | \$ 786,303 | \$ 771,089 | \$ 15,214 |
| Correction and detention: | | | | |
| Confinement and care of prisoners | \$ 253,495 | \$ 283,495 | \$ 281,569 | \$ 1,926 |

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 2 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Public safety: (Continued) | | | | |
| Inspections: | | | | |
| Building | \$ 155,657 | \$ 137,065 | \$ 131,206 | \$ 5,859 |
| Other protection: | | | | |
| Animal control | \$ 220,326 | \$ 229,724 | \$ 227,891 | \$ 1,833 |
| Emergency services | 383,384 | 438,715 | 379,553 | 59,162 |
| E-911 communications | 114,844 | 100,759 | 70,953 | 29,806 |
| Total other protection | \$ 718,554 | \$ 769,198 | \$ 678,397 | \$ 90,801 |
| Total public safety | \$ 3,500,623 | \$ 3,711,558 | \$ 3,543,384 | \$ 168,174 |
| Public works: | | | | |
| Sanitation and waste removal: | | | | |
| Sanitation | \$ 805,466 | \$ 774,992 | \$ 739,170 | \$ 35,822 |
| Litter control | 6,502 | 6,627 | 1,951 | 4,676 |
| Total sanitation and waste removal | \$ 811,968 | \$ 781,619 | \$ 741,121 | \$ 40,498 |
| Maintenance of general buildings and grounds: | | | | |
| General properties | \$ 848,309 | \$ 869,050 | \$ 823,012 | \$ 46,038 |
| Total public works | \$ 1,660,277 | \$ 1,650,669 | \$ 1,564,133 | \$ 86,536 |
| 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 | \$ 66,051 | \$ 66,051 | \$ 66,051 | \$ - |
| Welfare: | | | | |
| Public assistance and welfare administration | \$ 1,848,625 | \$ 1,848,625 | \$ 1,737,257 | \$ 111,368 |
| Area agency on aging | 4,000 | 4,000 | - | 4,000 |
| Children's services act | 149,747 | 473,333 | 473,333 | - |
| SSG improvement association | 44,604 | 44,604 | 44,604 | - |
| Workforce development | 75,566 | 107,072 | 93,318 | 13,754 |
| Office on youth | 217,733 | 309,238 | 305,571 | 3,667 |
| CARES Act | - | 606,675 | 100,137 | 506,538 |
| Surry free clinic | 8,000 | - | - | - |
| Total welfare | \$ 2,348,275 | \$ 3,393,547 | \$ 2,754,220 | \$ 639,327 |
| Total health and welfare | \$ 2,623,990 | \$ 3,669,262 | \$ 3,029,935 | \$ 639,327 |

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 3 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------|---|
| General Fund: (Continued) | | | | |
| Education: | | | | |
| Other instructional costs: | | | | |
| Contributions to Community Colleges | \$ 3,813 | \$ 3,813 | \$ 1,313 | \$ 2,500 |
| Contribution to County School Board | 12,440,000 | 12,509,218 | 12,104,993 | 404,225 |
| Total education | \$ 12,443,813 | \$ 12,513,031 | \$ 12,106,306 | \$ 406,725 |
| Parks, recreation, and cultural: | | | | |
| Parks and recreation: | | | | |
| Recreation center | \$ 522,852 | \$ 394,741 | \$ 365,111 | \$ 29,630 |
| Williamsburg area transit | 40,000 | 40,000 | 40,000 | - |
| Marina | 115,000 | 115,000 | 73,346 | 41,654 |
| Historic landmarks | - | - | - | - |
| Total parks and recreation | \$ 677,852 | \$ 549,741 | \$ 478,457 | \$ 71,284 |
| Library: | | | | |
| Contribution to regional library | \$ 150,154 | \$ 150,154 | \$ 150,398 | \$ (244) |
| Total parks, recreation, and cultural | \$ 828,006 | \$ 699,895 | \$ 628,855 | \$ 71,040 |
| Community development: | | | | |
| Planning and community development: | | | | |
| Planning and zoning | \$ 370,566 | \$ 378,826 | \$ 319,059 | \$ 59,767 |
| Zoning board | 2,083 | 2,083 | 757 | 1,326 |
| Highway transportation safety commission | 271 | 271 | - | 271 |
| Planning district commission | 5,423 | 5,423 | 3,816 | 1,607 |
| Economic development | 258,586 | 269,182 | 264,234 | 4,948 |
| Tourism | 133,013 | 105,427 | 68,356 | 37,071 |
| Other planning and community development | 2,580 | 2,580 | 2,225 | 355 |
| Total planning and community development | \$ 772,522 | \$ 763,792 | \$ 658,447 | \$ 105,345 |
| Environmental management: | | | | |
| Contribution to soil and water conservation district | \$ 11,000 | \$ 12,000 | \$ 12,000 | \$ - |
| Cooperative extension program: | | | | |
| Extension office | \$ 97,283 | \$ 97,283 | \$ 58,383 | \$ 38,900 |
| Total community development | \$ 880,805 | \$ 873,075 | \$ 728,830 | \$ 144,245 |
| Debt service: | | | | |
| Principal retirement | \$ 1,165,000 | \$ 1,165,000 | \$ 1,165,000 | \$ - |
| Interest and other fiscal charges | 956,267 | 956,267 | 933,265 | 23,002 |
| Total debt service | \$ 2,121,267 | \$ 2,121,267 | \$ 2,098,265 | \$ 23,002 |
| Total General Fund | \$ 26,871,110 | \$ 27,962,883 | \$ 26,218,970 | \$ 1,743,913 |

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 4 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------|---|
| Special Revenue Fund: | | | | |
| Public Safety: | | | | |
| DEA task force | \$ 25,000 | \$ 25,000 | \$ - | \$ 25,000 |
| Total public safety | \$ 25,000 | \$ 25,000 | \$ - | \$ 25,000 |
| Community development | | | | |
| Indoor plumbing program | \$ 11,730 | \$ 11,730 | \$ - | \$ 11,730 |
| Economic development | 80,000 | 80,000 | 26,375 | 53,625 |
| Total community development | \$ 91,730 | \$ 91,730 | \$ 26,375 | \$ 65,355 |
| Total community development | \$ 91,730 | \$ 91,730 | \$ 26,375 | \$ 65,355 |
| Total Special Revenue Fund | \$ 116,730 | \$ 116,730 | \$ 26,375 | \$ 90,355 |
| County Capital Projects Fund: | | | | |
| Capital projects: | | | | |
| Record books cleaning | \$ - | \$ 12,694 | \$ 12,694 | \$ - |
| Technology upgrades | 25,000 | 25,000 | 15,028 | 9,972 |
| Fleet vehicles | 109,561 | 205,951 | 380,332 | (174,381) |
| Broadband project | 500,000 | 500,000 | - | 500,000 |
| Rescue squad building | 161,000 | 2,932,693 | 3,190,992 | (258,299) |
| Marina project | 327,439 | 1,283,107 | 183,903 | 1,099,204 |
| Water upgrades | - | 2,678,241 | 2,247,558 | 430,683 |
| Sanitation equipment | 250,000 | 250,000 | - | 250,000 |
| County capital projects | 50,000 | 459,991 | 408,602 | 51,389 |
| Radio system | - | - | 17,006 | (17,006) |
| CAD system | - | 75,000 | 75,000 | - |
| VESTA hardware refresh | - | 135,346 | 69,488 | 65,858 |
| Animal shelter | 200,000 | 200,000 | 9,963 | 190,037 |
| School capital projects | 1,495,000 | 946,220 | 944,372 | 1,848 |
| Total capital projects | \$ 3,118,000 | \$ 9,704,243 | \$ 7,554,938 | \$ 2,149,305 |
| Total County Capital Projects Fund | \$ 3,118,000 | \$ 9,704,243 | \$ 7,554,938 | \$ 2,149,305 |
| Total Primary Government | \$ 30,105,840 | \$ 37,783,856 | \$ 33,800,283 | \$ 3,983,573 |

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

Schedule 2
Page 5 of 5

| <u>Fund, Function, Activity and Element</u> | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|----------------------------|-------------------------|----------------------|---|
| Discretely Presented Component Unit - School Board: | | | | |
| School Operating Fund: | | | | |
| Education: | | | | |
| Operating Costs: | | | | |
| Administration, health, and attendance | \$ 1,014,352 | \$ 959,352 | \$ 943,802 | \$ 15,550 |
| Instruction costs | 11,008,189 | 11,104,250 | 10,588,927 | 515,323 |
| Districtwide technology | 702,780 | 702,780 | 582,428 | 120,352 |
| Pupil transportation | 1,031,536 | 1,086,536 | 1,076,105 | 10,431 |
| Operation and maintenance of school plant | 2,015,448 | 2,084,666 | 1,966,227 | 118,439 |
| Total operating costs | <u>\$ 15,772,305</u> | <u>\$ 15,937,584</u> | <u>\$ 15,157,489</u> | <u>\$ 780,095</u> |
| Total education | <u>\$ 15,772,305</u> | <u>\$ 15,937,584</u> | <u>\$ 15,157,489</u> | <u>\$ 780,095</u> |
| Total School Operating Fund | <u>\$ 15,772,305</u> | <u>\$ 15,937,584</u> | <u>\$ 15,157,489</u> | <u>\$ 780,095</u> |
| Special Revenue Fund: | | | | |
| School Cafeteria Fund: | | | | |
| Education: | | | | |
| School food services: | | | | |
| School food services | \$ 518,500 | \$ 518,500 | \$ 425,233 | \$ 93,267 |
| Commodities | - | - | 22,087 | (22,087) |
| Total School Cafeteria Fund | <u>\$ 518,500</u> | <u>\$ 518,500</u> | <u>\$ 447,320</u> | <u>\$ 71,180</u> |
| Total Discretely Presented Component Unit - School Board | <u>\$ 16,290,805</u> | <u>\$ 16,456,084</u> | <u>\$ 15,604,809</u> | <u>\$ 851,275</u> |

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STATISTICAL SECTION

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Statistical Section

Contents

Tables

Financial Trends

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

1 - 4

Revenue Capacity

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

5-8

Debt Capacity

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

9-10

Demographic and Economic Information

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

11-12

Operating Information

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

13-15

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

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

| | 2011 | 2012 | 2013 | 2014 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 2,422,090 | \$ 2,631,382 | \$ 3,321,023 | \$ 4,482,211 |
| Unrestricted | 9,928,451 | 11,782,612 | 13,441,797 | 14,864,951 |
| Total governmental activities net position | <u>\$ 12,350,541</u> | <u>\$ 14,413,994</u> | <u>\$ 16,762,820</u> | <u>\$ 19,347,162</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 5,762,362 | \$ 5,610,317 | \$ 5,460,113 | \$ 5,311,812 |
| Unrestricted | (20,563) | (18,810) | (15,684) | (31,037) |
| Total business-type activities net position | <u>\$ 5,741,799</u> | <u>\$ 5,591,507</u> | <u>\$ 5,444,429</u> | <u>\$ 5,280,775</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 8,184,452 | \$ 8,241,699 | \$ 8,781,136 | \$ 9,794,023 |
| Unrestricted | 9,907,888 | 11,763,802 | 13,426,113 | 14,833,914 |
| Total Primary government net position | <u>\$ 18,092,340</u> | <u>\$ 20,005,501</u> | <u>\$ 22,207,249</u> | <u>\$ 24,627,937</u> |

Table 1

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 4,678,557 | \$ 5,764,238 | \$ 6,655,370 | \$ 9,400,418 | \$ 11,006,048 | \$ 17,192,612 |
| 15,045,158 | 14,793,362 | 15,856,084 | 14,275,872 | 14,250,518 | 9,208,214 |
| \$ 19,723,715 | \$ 20,557,600 | \$ 22,511,454 | \$ 23,676,290 | \$ 25,256,566 | \$ 26,400,826 |
| \$ 5,165,477 | \$ 5,021,173 | \$ 5,409,740 | \$ 450,268 | \$ 425,407 | \$ 400,546 |
| (26,024) | (36,137) | (1,464) | (12,070) | (6,755) | (6,754) |
| \$ 5,139,453 | \$ 4,985,036 | \$ 5,408,276 | \$ 438,198 | \$ 418,652 | \$ 393,792 |
| \$ 9,844,034 | \$ 10,785,411 | \$ 12,065,110 | \$ 9,850,686 | \$ 11,431,455 | \$ 17,593,158 |
| 15,019,134 | 14,757,225 | 15,854,620 | 14,263,802 | 14,243,763 | 9,201,460 |
| \$ 24,863,168 | \$ 25,542,636 | \$ 27,919,730 | \$ 24,114,488 | \$ 25,675,218 | \$ 26,794,618 |

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

| | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Expenses | | | | |
| Governmental activities | | | | |
| General government administration | \$ 1,381,514 | \$ 1,375,325 | \$ 1,647,559 | \$ 1,584,521 |
| Judicial administration | 742,347 | 734,692 | 746,655 | 766,927 |
| Public safety | 2,732,338 | 3,022,043 | 3,316,803 | 3,193,870 |
| Public works | 995,742 | 1,059,277 | 1,061,654 | 1,153,265 |
| Health and welfare | 2,440,233 | 2,269,681 | 2,451,304 | 2,457,024 |
| Community development | 484,311 | 570,296 | 479,927 | 491,679 |
| Parks, Recreation and cultural | 571,977 | 515,549 | 562,994 | 899,221 |
| Education | 11,787,315 | 11,570,030 | 11,967,342 | 11,525,579 |
| Interest and other financial charges | 798,490 | 748,812 | 709,606 | 674,932 |
| Total governmental activities | \$ 21,934,267 | \$ 21,865,705 | \$ 22,943,844 | \$ 22,747,018 |
| Business-type activities | | | | |
| Water and Sewer | \$ 422,687 | \$ 451,572 | \$ 405,141 | \$ 498,727 |
| Total business-type activities | \$ 422,687 | \$ 451,572 | \$ 405,141 | \$ 498,727 |
| Total primary government expenses | \$ 22,356,954 | \$ 22,317,277 | \$ 23,348,985 | \$ 23,245,745 |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services: | | | | |
| General government administration | \$ 8,025 | \$ 12,414 | \$ 1,784 | \$ 1,117 |
| Judicial administration | 40,941 | 41,784 | 91,304 | 90,461 |
| Public safety | 36,976 | 50,841 | 42,316 | 48,333 |
| Public works | 49,054 | 49,139 | 49,609 | 51,934 |
| Parks, recreation and cultural | 38,400 | 29,469 | 28,788 | 38,969 |
| Community development | - | - | 10,737 | 13,639 |
| Operating grants and contributions | 2,204,458 | 2,231,420 | 2,199,793 | 2,410,697 |
| Capital Grants and contributions | 186,400 | 70,447 | 672,973 | 59,671 |
| Total governmental activities | \$ 2,564,254 | \$ 2,485,514 | \$ 3,097,304 | \$ 2,714,821 |
| Business-type activities | | | | |
| Charges for services: | | | | |
| Water and Sewer | \$ 45,582 | \$ 60,662 | \$ 60,427 | \$ 50,812 |
| Capital grants and contributions | 57,208 | - | - | - |
| Total business-type activities | \$ 102,790 | \$ 60,662 | \$ 60,427 | \$ 50,812 |
| Total primary government revenues | \$ 2,667,044 | \$ 2,546,176 | \$ 3,157,731 | \$ 2,765,633 |

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 1,991,967 | \$ 2,132,002 | \$ 1,917,740 | \$ 1,964,276 | \$ 2,078,003 | \$ 2,136,398 |
| 748,445 | 773,107 | 888,575 | 873,741 | 911,831 | 1,008,861 |
| 3,328,127 | 2,918,282 | 3,290,894 | 3,606,834 | 3,577,148 | 4,006,059 |
| 87,783 | 1,413,326 | 1,557,463 | 1,422,039 | 1,640,550 | 1,467,102 |
| 2,441,740 | 2,303,706 | 2,320,721 | 2,302,899 | 2,379,011 | 3,115,050 |
| 533,375 | 531,693 | 1,018,108 | 516,728 | 1,265,986 | 13,195,678 |
| 576,999 | 1,176,469 | (139,681) | 632,537 | 722,787 | 684,751 |
| 12,149,458 | 12,463,776 | 12,055,007 | 13,088,905 | 12,362,185 | 813,042 |
| 1,024,436 | 562,721 | 538,332 | 505,507 | 634,730 | 650,388 |
| \$ 22,882,330 | \$ 24,275,082 | \$ 23,447,159 | \$ 24,913,466 | \$ 25,572,231 | \$ 27,077,329 |
| \$ 489,378 | \$ 457,130 | \$ 521,937 | \$ 5,131,464 | \$ 161,575 | \$ 190,291 |
| \$ 489,378 | \$ 457,130 | \$ 521,937 | \$ 5,131,464 | \$ 161,575 | \$ 190,291 |
| \$ 23,371,708 | \$ 24,732,212 | \$ 23,969,096 | \$ 30,044,930 | \$ 25,733,806 | \$ 27,267,620 |
| \$ 295 | \$ 276 | \$ 16,429 | \$ 14,928 | \$ 145 | \$ 186 |
| 69,629 | 45,947 | 66,032 | 43,015 | 67,947 | 38,646 |
| 59,880 | 47,887 | 58,176 | 62,557 | 267,105 | 235,428 |
| 45,556 | 42,663 | 35,100 | 39,897 | 25,908 | 7,694 |
| 52,662 | 63,891 | 31,916 | 20,837 | 22,677 | 16,943 |
| 10,208 | - | - | - | - | - |
| 2,535,110 | 2,345,604 | 2,586,006 | 2,619,000 | 2,538,393 | 2,976,278 |
| 20,805 | 322,950 | - | - | - | 967,420 |
| \$ 2,794,145 | \$ 2,869,218 | \$ 2,793,659 | \$ 2,800,234 | \$ 2,922,175 | \$ 4,242,595 |
| \$ 197,263 | \$ 134,154 | \$ 150,495 | \$ 64,486 | \$ 58,839 | \$ 55,816 |
| - | - | - | - | - | - |
| \$ 197,263 | \$ 134,154 | \$ 150,495 | \$ 64,486 | \$ 58,839 | \$ 55,816 |
| \$ 2,991,408 | \$ 3,003,372 | \$ 2,944,154 | \$ 2,864,720 | \$ 2,981,014 | \$ 4,298,411 |

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

| | 2011 | 2012 | 2013 | 2014 |
|--------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (19,370,013) | \$ (19,380,191) | \$ (19,846,540) | \$ (20,032,197) |
| Business-type activities | (362,025) | (391,145) | (354,329) | (429,307) |
| Total primary government net expense | <u>\$ (19,732,038)</u> | <u>\$ (19,771,336)</u> | <u>\$ (20,200,869)</u> | <u>\$ (20,461,504)</u> |

General Revenues and Other Changes in Net Position
Governmental Activities:

| | | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| Taxes | | | | |
| Property taxes | \$ 18,997,082 | \$ 19,924,721 | \$ 20,724,814 | \$ 21,177,468 |
| Other local taxes | 692,822 | 878,104 | 742,671 | 755,736 |
| Investment earnings | 88,504 | 91,269 | 98,183 | 90,225 |
| Miscellaneous | 45,913 | 19,075 | 32,331 | 92,072 |
| Non-categorical aid from the Commonwealth | 735,599 | 771,328 | 778,690 | 766,691 |
| Transfers | (277,520) | (240,853) | (207,251) | (265,653) |
| Total governmental activities | <u>\$ 20,282,400</u> | <u>\$ 21,443,644</u> | <u>\$ 22,169,438</u> | <u>\$ 22,616,539</u> |

Business-type activities

| | | | | |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
| Transfers | \$ 277,520 | \$ 240,853 | \$ 207,251 | \$ 265,653 |
| Total business-type activities | <u>\$ 277,520</u> | <u>\$ 240,853</u> | <u>\$ 207,251</u> | <u>\$ 265,653</u> |
| Total primary government | <u>\$ 20,559,920</u> | <u>\$ 21,684,497</u> | <u>\$ 22,376,689</u> | <u>\$ 22,882,192</u> |

Changes in Net Position

| | | | | |
|--------------------------|-------------------|---------------------|---------------------|---------------------|
| Governmental activities | \$ 912,387 | \$ 2,063,453 | \$ 2,322,898 | \$ 2,584,342 |
| Business-type activities | (84,505) | (150,292) | (147,078) | (163,654) |
| Total primary government | <u>\$ 827,882</u> | <u>\$ 1,913,161</u> | <u>\$ 2,175,820</u> | <u>\$ 2,420,688</u> |

| 2015 | 2016 | 2017 | 2018 | 2019 | 2019 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ (20,088,185) | \$ (21,405,864) | \$ (20,653,500) | \$ (22,113,232) | \$ (22,650,056) | \$ (22,834,734) |
| (292,115) | (322,976) | (371,442) | (5,066,978) | (102,736) | (134,475) |
| \$ (20,380,300) | \$ (21,728,840) | \$ (21,024,942) | \$ (27,180,210) | \$ (22,752,792) | \$ (22,969,209) |

| | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 20,966,352 | \$ 20,744,418 | \$ 21,725,342 | \$ 21,766,374 | \$ 21,551,518 | \$ 22,140,946 |
| 644,424 | 706,543 | 610,920 | 780,408 | 1,126,200 | 1,118,145 |
| 94,049 | 154,325 | 226,484 | 368,134 | 701,171 | 452,566 |
| 55,082 | 54,442 | 70,236 | 164,975 | 156,952 | 315,529 |
| 771,419 | 769,719 | 769,054 | 776,502 | 777,681 | 761,013 |
| (150,793) | (168,559) | (794,682) | (96,900) | (83,190) | (109,615) |
| \$ 22,380,533 | \$ 22,260,888 | \$ 22,607,354 | \$ 23,759,493 | \$ 24,230,332 | \$ 24,678,584 |

| | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 150,793 | \$ 168,559 | \$ 794,682 | \$ 96,900 | \$ 83,190 | \$ 109,615 |
| \$ 150,793 | \$ 168,559 | \$ 794,682 | \$ 96,900 | \$ 83,190 | \$ 109,615 |
| \$ 22,531,326 | \$ 22,429,447 | \$ 23,402,036 | \$ 23,856,393 | \$ 24,313,522 | \$ 24,788,199 |

| | | | | | |
|--------------|------------|--------------|----------------|--------------|--------------|
| \$ 2,292,348 | \$ 855,024 | \$ 1,953,854 | \$ 1,646,261 | \$ 1,580,276 | \$ 1,843,850 |
| (141,322) | (154,417) | 423,240 | (4,970,078) | (19,546) | (24,860) |
| \$ 2,151,026 | \$ 700,607 | \$ 2,377,094 | \$ (3,323,817) | \$ 1,560,730 | \$ 1,818,990 |

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

| | 2011 | 2012 | 2013 | 2014 |
|------------------------------------|---------------------|----------------------|----------------------|----------------------|
| General fund | | | | |
| Unreserved | \$ - | \$ - | \$ - | \$ - |
| Committed | 6,835,193 | 5,788,537 | 5,536,834 | 5,690,518 |
| Unassigned | 2,428,955 | 5,591,064 | 8,093,311 | 10,678,611 |
| Total general fund | <u>\$ 9,264,148</u> | <u>\$ 11,379,601</u> | <u>\$ 13,630,145</u> | <u>\$ 16,369,129</u> |
| All other governmental funds | | | | |
| Unreserved, reported in: | | | | |
| Special revenue funds | \$ - | \$ - | \$ - | \$ - |
| Capital projects funds | - | - | - | - |
| Committed | 2,231,830 | 1,979,195 | 1,638,403 | 299,867 |
| Assigned | - | - | 3,973 | 19,170 |
| Unassigned | (40,935) | (27,714) | - | - |
| Total all other governmental funds | <u>\$ 2,190,895</u> | <u>\$ 1,951,481</u> | <u>\$ 1,642,376</u> | <u>\$ 319,037</u> |

Note:

(1) In FY2011 the County implemented GASB 54 and therefore fund balances classifications have been changed accordingly.

Table 3

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,889,072 | 4,480,761 | 6,509,370 | 7,372,426 | 9,900,350 | 11,093,362 |
| 12,593,041 | 13,442,281 | 12,813,118 | 12,783,307 | 10,494,377 | 7,881,289 |
| \$ 18,482,113 | \$ 17,923,042 | \$ 19,322,488 | \$ 20,155,733 | \$ 20,394,727 | \$ 18,974,651 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 3,620,347 | 2,254,813 | 1,576,782 | (618,860) | 3,302,030 | 520,373 |
| 29,403 | 35,567 | 42,611 | 42,785 | 36,094 | 36,094 |
| - | - | - | - | - | (758,567) |
| \$ 3,649,750 | \$ 2,290,380 | \$ 1,619,393 | \$ (576,075) | \$ 3,338,124 | \$ (202,100) |

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

| | 2011 | 2012 | 2013 | 2014 |
|--|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | |
| General property taxes | \$ 18,768,963 | \$ 19,964,237 | \$ 21,012,899 | \$ 21,140,727 |
| Other local taxes | 692,822 | 878,104 | 742,671 | 755,736 |
| Permits, privilege fees and licenses | 36,976 | 50,542 | 42,017 | 48,034 |
| Fines and Forfeitures | 12,182 | 18,091 | 49,350 | 49,826 |
| Revenue from use of money & property | 88,504 | 91,269 | 98,183 | 90,225 |
| Charges for services | 124,238 | 115,014 | 133,171 | 146,593 |
| Miscellaneous | 45,913 | 19,075 | 32,331 | 92,072 |
| Recovered costs | 3,599 | 209 | 886 | 229 |
| Commonwealth of Virginia | 2,167,407 | 2,126,006 | 2,732,108 | 2,196,137 |
| Federal Government | 959,050 | 947,189 | 919,348 | 1,040,922 |
| Total revenues | \$ 22,899,654 | \$ 24,209,736 | \$ 25,762,964 | \$ 25,560,501 |
| Expenditures | | | | |
| General government administration | \$ 1,315,093 | \$ 1,303,131 | \$ 1,357,725 | \$ 1,388,887 |
| Judicial administration | 398,667 | 402,742 | 415,237 | 434,476 |
| Public Safety | 2,431,375 | 2,730,279 | 3,015,476 | 2,927,342 |
| Public works | 953,519 | 1,009,790 | 983,123 | 1,067,715 |
| Health and welfare | 2,219,441 | 2,337,613 | 2,422,570 | 2,423,793 |
| Education | 11,413,268 | 11,338,153 | 11,766,080 | 11,380,579 |
| Community development | 436,425 | 404,459 | 538,068 | 461,795 |
| Parks, recreation and cultural | 532,124 | 490,216 | 455,404 | 669,741 |
| Capital projects | 445,392 | 367,937 | 1,010,776 | 1,472,333 |
| Debt service | | | | |
| Principal | 1,069,826 | 936,045 | 922,469 | 959,102 |
| Interest and other fiscal charges | 813,512 | 772,479 | 727,346 | 693,440 |
| Total Expenditures | \$ 22,028,642 | \$ 22,092,844 | \$ 23,614,274 | \$ 23,879,203 |
| Revenues over (under) expenditures | \$ 871,012 | \$ 2,116,892 | \$ 2,148,690 | \$ 1,681,298 |
| Other financing sources (uses) | | | | |
| Transfers in | \$ 48,091 | \$ 594,456 | \$ 25,345 | \$ 62,906 |
| Transfers out | (325,611) | (835,309) | (232,596) | (328,559) |
| Issuance of bonds | - | - | - | - |
| Bond issuance premium | - | - | - | - |
| Total other financing sources (uses) | \$ (277,520) | \$ (240,853) | \$ (207,251) | \$ (265,653) |
| Net change in fund balances | \$ 593,492 | \$ 1,876,039 | \$ 1,941,439 | \$ 1,415,645 |
| Debt service as a percentage of noncapital expenditures | 8.70% | 7.89% | 7.22% | 7.30% |

Table 4

| 2015 | | 2016 | | 2017 | | 2018 | | 2019 | | 2020 | |
|------|--------------|------|-------------|------|------------|------|-------------|------|-------------|------|-------------|
| \$ | 21,119,861 | \$ | 20,939,138 | \$ | 21,692,941 | \$ | 21,670,403 | \$ | 21,600,237 | \$ | 22,023,784 |
| | 644,424 | | 706,543 | | 610,920 | | 780,408 | | 1,126,200 | | 1,118,145 |
| | 59,555 | | 37,354 | | 39,843 | | 49,723 | | 57,890 | | 38,408 |
| | 30,963 | | 20,043 | | 43,375 | | 34,210 | | 59,254 | | 31,272 |
| | 94,049 | | 154,325 | | 226,484 | | 368,134 | | 701,171 | | 452,566 |
| | 147,712 | | 143,267 | | 124,435 | | 97,301 | | 266,638 | | 229,217 |
| | 55,082 | | 54,442 | | 70,236 | | 164,975 | | 156,952 | | 315,529 |
| | 700 | | 29,588 | | 20,149 | | 95,520 | | 23,781 | | 35,967 |
| | 2,316,990 | | 2,173,971 | | 2,410,290 | | 2,466,263 | | 2,394,276 | | 2,629,458 |
| | 1,010,344 | | 1,264,302 | | 944,770 | | 929,239 | | 921,798 | | 2,075,253 |
| \$ | 25,479,680 | \$ | 25,522,973 | \$ | 26,183,443 | \$ | 26,656,176 | \$ | 27,308,197 | \$ | 28,949,599 |
| | | | | | | | | | | | |
| \$ | 1,411,117 | \$ | 1,655,003 | \$ | 1,433,635 | \$ | 1,655,924 | \$ | 1,815,006 | \$ | 1,858,332 |
| | 436,324 | | 476,120 | | 570,201 | | 565,128 | | 625,561 | | 660,930 |
| | 3,031,347 | | 2,968,027 | | 3,054,207 | | 3,289,980 | | 3,398,314 | | 3,543,384 |
| | 1,164,473 | | 1,290,413 | | 1,510,054 | | 1,407,940 | | 1,554,097 | | 1,564,133 |
| | 2,417,346 | | 2,340,943 | | 2,279,521 | | 2,301,035 | | 2,433,879 | | 3,029,935 |
| | 11,758,980 | | 12,145,887 | | 11,871,307 | | 12,758,905 | | 12,138,405 | | 12,106,306 |
| | 688,660 | | 694,471 | | 563,922 | | 597,532 | | 692,578 | | 628,855 |
| | 518,254 | | 521,082 | | 524,311 | | 504,458 | | 773,470 | | 755,205 |
| | 2,245,537 | | 3,288,574 | | 954,910 | | 2,948,838 | | 4,236,211 | | 7,554,938 |
| | 13,339,050 | | 1,045,000 | | 1,085,000 | | 1,125,000 | | 1,055,000 | | 1,165,000 |
| | 1,190,219 | | 847,335 | | 813,234 | | 766,759 | | 840,248 | | 933,265 |
| \$ | 38,201,307 | \$ | 27,272,855 | \$ | 24,660,302 | \$ | 27,921,499 | \$ | 29,562,769 | \$ | 33,800,283 |
| | | | | | | | | | | | |
| \$ | (12,721,627) | \$ | (1,749,882) | \$ | 1,523,141 | \$ | (1,265,323) | \$ | (2,254,572) | \$ | (4,850,684) |
| | | | | | | | | | | | |
| \$ | - | \$ | 1,549,848 | \$ | 80,000 | \$ | 428,097 | \$ | 1,490,945 | \$ | 2,778,618 |
| | (150,793) | | (1,718,407) | | (874,682) | | (524,997) | | (1,574,135) | | (2,888,233) |
| | 18,316,117 | | - | | - | | - | | 5,875,000 | | - |
| | - | | - | | - | | - | | 615,955 | | - |
| \$ | 18,165,324 | \$ | (168,559) | \$ | (794,682) | \$ | (96,900) | \$ | 6,407,765 | \$ | (109,615) |
| | | | | | | | | | | | |
| \$ | 5,443,697 | \$ | (1,918,441) | \$ | 728,459 | \$ | (1,362,223) | \$ | 4,153,193 | \$ | (4,960,299) |
| | | | | | | | | | | | |
| | 39.61% | | 7.78% | | 7.97% | | 7.43% | | 7.27% | | 7.65% |

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

Table 5

| Taxpayer | 2020 | | | 2011 | | |
|--|------|---------------------------|---|------|---------------------------|---|
| | Rank | Assessed Valuation (1) | Percentage of Total Assessed Valuation | Rank | Assessed Valuation (2) | Percentage of Total Assessed Valuation |
| Dominion Virginia Power | 1 | \$ 1,911,107,047 | 66.25% | 1 | \$ 1,529,646,774 | 63.04% |
| Swann's Point Plantation LLC et al | 2 | 22,095,300 | 0.77% | | | 0.00% |
| Spring Grove Solar LLC | 3 | 19,307,300 | 0.67% | | | |
| Beechland/Alliance Farms et al | 4 | 11,252,400 | 0.39% | 9 | 5,789,500 | 0.24% |
| Wanro LLC et al | 5 | 10,987,300 | 0.38% | 2 | 11,122,800 | 0.46% |
| Timbervest Partners (III) of Virginia LLC | 6 | 8,989,700 | 0.31% | | | 0.00% |
| Prince George Electric Cooperative | 7 | 8,989,594 | 0.31% | 6 | 8,572,888 | 0.35% |
| Murphy Brown LLC/Smithfield Hog Production | 8 | 8,306,400 | 0.29% | | | 0.00% |
| John Hancock Mutual Life Insurance Company | 9 | 7,101,500 | 0.25% | 13 | 3,861,200 | 0.16% |
| Windsor Mill | 10 | 5,967,800 | 0.21% | 11 | 4,764,500 | 0.20% |
| Andrew Acres LLC et al | 11 | 4,688,800 | 0.16% | | | 0.00% |
| Brandon & Brandon LLC/Sussex Surry LLC/Brandon | 12 | 4,050,000 | 0.14% | | | 0.00% |
| Verizon South Inc. | 13 | 2,809,956 | 0.10% | 10 | 5,674,414 | 0.23% |
| Grayland/Gray Lumber Company | | | 0.00% | 8 | 6,066,800 | 0.25% |
| Spring Grove Land Association | | | 0.00% | 16 | 3,209,800 | 0.13% |
| Commonwealth Forest Investment | | | 0.00% | 15 | 3,276,800 | 0.14% |
| Smithfield-Carrolls Farms | | | 0.00% | 5 | 8,813,100 | 0.36% |
| Alpha Forest Association | | | 0.00% | 7 | 6,165,100 | 0.25% |
| Schorsch, Nicholas | | | 0.00% | 3 | 9,789,600 | 0.40% |
| Sussex Surry LLC | | | 0.00% | 12 | 4,522,700 | 0.19% |
| Swann's Point Farm LLC | | | 0.00% | 4 | 8,971,800 | 0.37% |
| Chippokes Estates at Cobham Bay, LLC | | | | 14 | 3,426,400 | 0.14% |
| | | <u>\$ 2,025,653,097</u> | <u>70.22%</u> | | <u>\$ 1,623,674,176</u> | <u>66.91%</u> |
| Total Assessed Valuation of RE | | <u>\$ 2,884,700,531</u> | <u>100.00%</u> | | <u>\$ 2,426,655,483</u> | <u>100.00%</u> |

Notes:

(1) 2019 Real Estate Assessments.

(2) 2010 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 |
| 2020 | \$ 22,050,583 | \$ 21,635,774 | 98.12% | \$ - | 22,050,583 | \$ - | 21,635,774 | 98.12% |
| 2019 | 21,468,868 | 21,132,164 | 98.43% | - | 21,468,868 | \$ - | 21,132,164 | 98.43% |
| 2018 | 21,954,582 | 21,554,346 | 98.18% | - | 21,954,582 | - | 21,554,346 | 98.18% |
| 2017 | 22,454,884 | 21,909,904 | 97.57% | - | 22,454,884 | - | 21,909,904 | 97.57% |
| 2016 | 21,650,045 | 20,775,506 | 95.96% | - | 21,650,045 | - | 20,775,506 | 95.96% |
| 2015 | 20,874,695 | 20,472,352 | 98.07% | - | 20,874,695 | - | 20,472,352 | 98.07% |
| 2014 | 21,112,323 | 20,890,125 | 98.95% | - | 21,112,323 | - | 20,890,125 | 98.95% |
| 2013 | 20,979,443 | 20,761,624 | 98.96% | - | 20,979,443 | - | 20,761,624 | 98.96% |
| 2012 | 20,588,020 | 19,790,059 | 96.12% | (3,640) | 20,584,380 | 731,261 | 20,521,320 | 99.68% |
| 2011 | 18,793,552 | 18,272,180 | 97.23% | (1,037) | 18,792,515 | 370,230 | 18,642,410 | 99.20% |

Notes:

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

COUNTY OF SURRY, VIRGINIA

Table 7

Assessed and Estimated Actual Value of Real Property
Last Ten Fiscal Years

| 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 |
|-------------|--|----------------------------|------------------------------------|---------------------------------|----------------------------------|--|
| 2020 | \$ 926,215,300 | \$ 34,778,200 | \$ 960,993,500 | \$ 0.71 | \$ 960,993,500 | 100.00% (2) |
| 2019 | 914,088,000 | 35,866,600 | 949,954,600 | 0.71 | 949,954,600 | 100.00% (2) |
| 2018 | 892,809,300 | 34,673,900 | 927,483,200 | 0.71 | 927,483,200 | 100.00% (2) |
| 2017 | 888,941,000 | 34,205,000 | 923,146,000 | 0.71 | 923,146,000 | 100.00% (2) |
| 2016 | 883,676,800 | 34,266,700 | 917,943,500 | 0.71 | 917,943,500 | 100.00% (2) |
| 2015 | 857,689,600 | 33,269,100 | 890,958,700 | 0.73 | 890,958,700 | 100.00% (2) |
| 2014 | 852,448,300 | 33,431,600 | 885,879,900 | 0.73 | 885,879,900 | 100.00% (2) |
| 2013 | 850,646,000 | 34,078,200 | 884,724,200 | 0.73 | 884,724,200 | 100.00% (2) |
| 2012 | 844,458,700 | 33,911,900 | 878,370,600 | 0.73 | 878,370,600 | 100.00% (2) |
| 2011 | 842,381,900 | 33,602,400 | 875,984,300 | 0.73 | 875,984,300 | 100.00% (2) |

Notes:

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

COUNTY OF SURRY, VIRGINIA

Table 8

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

| Fiscal Year | Personal Property (1) | Machinery & Tools (1) | Aircraft (1) | Public Service (2,3) | Total |
|----------------|--------------------------|--------------------------|--------------|-------------------------|------------------|
| 2020 | \$ 59,678,167 | \$ 2,813,507 | \$ 1,260 | \$ 1,935,274,114 | \$ 1,997,767,048 |
| 2019 | 56,830,130 | 2,255,765 | 1,400 | 1,892,813,173 | 1,951,900,468 |
| 2018 | 54,401,525 | 2,366,490 | 4,005 | 1,927,140,899 | 1,983,912,919 |
| 2017 | 53,527,229 | 2,876,946 | 4,450 | 1,937,479,967 | 1,993,888,592 |
| 2016 | 51,381,116 | 2,228,648 | 4,945 | 1,785,663,243 | 1,839,277,952 |
| 2015 | 50,593,919 | 2,246,971 | 6,780 | 1,807,206,155 | 1,860,053,825 |
| 2014 | 49,970,173 | 2,192,651 | 7,535 | 1,824,746,203 | 1,876,916,562 |
| 2013 | 50,293,488 | 1,733,938 | 13,295 | 1,783,632,381 | 1,835,673,102 |
| 2012 | 50,829,529 | 1,720,460 | 14,770 | 1,671,151,050 | 1,723,715,809 |
| 2011 | 49,490,806 | 2,023,995 | 17,685 | 1,554,628,083 | 1,606,160,569 |

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.

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) |
| 2020 | \$ 1,736,356 | \$ - | \$ 18,562,319 | \$ - | \$ - | \$ 20,298,675 | ** | N/A |
| 2019 | 1,884,841 | - | 19,845,387 | - | - | 21,730,228 | 7.58% | \$ 44,647 |
| 2018 | 2,023,325 | - | 14,526,873 | - | - | 16,550,198 | 5.51% | 46,413 |
| 2017 | 2,153,325 | - | 15,768,196 | - | - | 17,921,521 | 6.46% | 42,427 |
| 2016 | 2,285,293 | - | 16,989,454 | - | 597,742 | 19,872,489 | 7.54% | 41,337 |
| 2015 | 2,403,777 | - | 18,191,382 | - | 662,613 | 21,257,772 | 7.75% | 40,509 |
| 2014 | 2,517,261 | - | 1,029,050 | 12,200,000 | 725,452 | 16,471,763 | 6.43% | 38,374 |
| 2013 | 2,665,745 | - | 1,238,152 | 12,805,000 | 786,326 | 17,495,223 | 7.18% | 37,916 |
| 2012 | 2,804,229 | - | 1,440,621 | 13,390,000 | 845,297 | 18,480,147 | 7.56% | 37,391 |
| 2011 | 2,987,713 | - | 1,636,666 | 13,950,000 | 902,427 | 19,476,806 | 8.07% | 35,699 |

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 |
|-------------|--------------------------------|-------------------------------------|---------------------------------|--------------------------------------|--|
| 2020 | \$ 1,736,356 | \$ 18,562,319 | \$ 20,298,675 | ** | ** |
| 2019 | 1,884,841 | 19,845,387 | 21,730,228 | 3,384 | 2.29% |
| 2018 | 2,023,325 | 14,526,873 | 16,550,198 | 2,556 | 1.78% |
| 2017 | 2,153,325 | 15,768,196 | 17,921,521 | 2,740 | 1.94% |
| 2016 | 2,285,293 | 16,989,454 | 19,274,747 | 2,934 | 2.10% |
| 2015 | 2,403,777 | 18,191,382 | 20,595,159 | 3,088 | 2.31% |
| 2014 | 2,517,261 | 1,029,050 | 3,546,311 | 523 | 0.40% |
| 2013 | 2,665,745 | 1,238,152 | 3,903,897 | 575 | 0.44% |
| 2012 | 2,804,229 | 1,440,621 | 4,244,850 | 621 | 0.48% |
| 2011 | 2,987,713 | 1,636,666 | 4,624,379 | 668 | 0.53% |

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 % |
|-------------|----------------|--------------------------|---------------------------------|--------------------------|-------------------------------|
| 2020 | ** | ** | ** | 693 | 7.5% |
| 2019 | 6,422 | \$ 44,647 | \$ 286,722,000 | 715 | 3.9% |
| 2018 | 6,474 | 46,413 | 300,479,000 | 729 | 3.9% |
| 2017 | 6,540 | 42,427 | 277,471,000 | 826 | 4.8% |
| 2016 | 6,570 | 40,139 | 263,711,000 | 837 | 5.3% |
| 2015 | 6,670 | 41,141 | 274,412,000 | 867 | 5.1% |
| 2014 | 6,781 | 37,750 | 255,985,000 | 934 | 6.7% |
| 2013 | 6,788 | 35,877 | 243,534,000 | 902 | 7.3% |
| 2012 | 6,839 | 35,743 | 244,447,000 | 928 | 8.0% |
| 2011 | 6,923 | 34,870 | 241,403,000 | 977 | 7.0% |

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 2020 | | | Fiscal Year 2011 | |
|--|------------------|------|-----------------------|------------------|------|
| | 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 | 3 |
| Surry County | 100-249 | 3 | 9.51% | 50-99 | 4 |
| Virginia Department of Transportation | 50-99 | 4 | 4.08% | | |
| Brock Services LLC | 50-99 | 5 | 4.08% | | |
| Windsor Mill | 50-99 | 6 | 4.08% | 20-49 | 7 |
| The Atlantic Group Inc. | 50-99 | 7 | 4.08% | 500-999 | 2 |
| The Surry Seafood Company | 20-49 | 8 | 1.90% | | |
| Dominion Resources | 20-49 | 9 | 1.90% | 20-49 | 12 |
| Coggin Electric Specialists | 20-49 | 10 | 1.90% | 20-49 | 14 |
| Surry County Department of Social Services | 20-49 | 11 | 1.90% | 20-49 | 9 |
| Mears Group, Inc | 20-49 | 12 | 1.90% | | |
| Virginia Department of Conservation | 20-49 | 13 | 1.90% | 20-49 | 13 |
| Seward Lumber Company Inc. | 10-19 | 14 | 1.90% | 20-49 | 15 |
| Glen Court | 10-19 | 15 | 1.90% | | |
| Barlett Nuclear | | | | 50-99 | 5 |
| S.W. Edwards and Sons | | | | 20-49 | 6 |
| Swanns Grill LLC | | | | 20-49 | 8 |
| Fluor Daniel Services Corporation | | | | 20-49 | 10 |
| Corrigan Brothers Inc | | | | 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 | | | | | | | | | |
|---|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General government: | | | | | | | | | | |
| County Administration | 3.5 | 3.3 | 3.9 | 3.9 | 3.9 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| Commissioner of the Revenue | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 | 3.7 | 3.6 | 4.3 | 3.2 |
| Treasurer | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.6 | 5.2 | 4.5 | 4.9 | 5.0 |
| Finance | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 |
| Information Technologies | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Registrar | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.4 | 1.4 | 1.8 | 1.6 | 1.6 |
| Total General Government | 16.3 | 16.1 | 15.7 | 15.7 | 15.7 | 16.2 | 17.3 | 16.9 | 18.8 | 17.8 |
| Judicial Administration: | | | | | | | | | | |
| Clerk of the Circuit Court | 3.3 | 3.3 | 3.3 | 3.3 | 3.3 | 3.5 | 3.3 | 3.6 | 3.0 | 3.0 |
| General District Court | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Victim's Witness | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Commonwealth Attorney | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Total Judicial Administration | 8.6 | 8.6 | 8.6 | 8.6 | 8.6 | 7.5 | 7.3 | 7.6 | 7.0 | 7.0 |
| Public Safety: | | | | | | | | | | |
| Sheriff's Office | 27.3 | 27.3 | 27.3 | 26.3 | 26.3 | 24.4 | 22.1 | 25.2 | 22.5 | 19.0 |
| Fire and Emergency Services | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.1 | 2.1 | 2.1 | 2.0 | 2.0 |
| Animal Control | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| Total Public Safety | 33.3 | 33.3 | 33.3 | 32.3 | 32.3 | 29.5 | 26.2 | 29.3 | 24.5 | 21.0 |
| Public Works: | | | | | | | | | | |
| Sanitation | 15.4 | 14.4 | 14.4 | 14.4 | 14.4 | 10.0 | 4.4 | 14.7 | 13.0 | 14.0 |
| Maintenance | 6.0 | 4.7 | 4.7 | 4.7 | 4.7 | 5.0 | 5.6 | 5.0 | 5.0 | 5.0 |
| Total Public Works | 21.4 | 19.1 | 19.1 | 19.1 | 19.1 | 15.0 | 10.0 | 19.7 | 18.0 | 19.0 |
| Office on Youth: | | | | | | | | | | |
| Office on Youth | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.6 | 5.1 | 7.0 | 6.3 |
| Total Office on Youth | 6.0 | 6.0 | 6.0 | 6.0 | 6.0 | 5.0 | 5.6 | 5.1 | 7.0 | 6.3 |
| 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 | 5.9 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 5.0 | 6.0 | 7.0 | 9.0 |
| Total Parks, Recreation and Cultural | 5.9 | 7.0 | 7.0 | 7.0 | 7.0 | 6.0 | 5.0 | 6.0 | 7.0 | 9.0 |
| Community Development | | | | | | | | | | |
| Planning/Environmental/Permitting | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 3.0 | 4.0 | 5.0 | 5.0 | 5.0 |
| Economic Development | 1.5 | 2.0 | 0.1 | 0.1 | 0.1 | N/A | N/A | N/A | N/A | N/A |
| Tourism | 1.6 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Building Inspections | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Extension | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 4.0 | 4.0 | 5.0 | 4.0 | 5.0 |
| Total Community Development | 12.1 | 11.0 | 9.1 | 9.1 | 9.1 | 9.0 | 10.0 | 12.0 | 11.0 | 12.0 |
| Total | 126.6 | 124.1 | 121.8 | 120.8 | 120.8 | 111.2 | 104.4 | 119.6 | 116.3 | 115.1 |

Source: Payroll Clerk

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

Table 14

| | | Fiscal Year | | | | | | | | | |
|---------------------------|--------------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Public Safety (1) | Number of calls answered | 239 | 331 | 318 | 189 | 321 | 276 | 267 | 332 | 312 | 268 |
| Community Development (2) | Residential building permits | 233 | 307 | 219 | 217 | 255 | 208 | 172 | 87 | 75 | 75 |
| | Commercial building permits | 2 | 2 | 5 | 3 | 2 | 7 | 8 | 4 | 3 | 1 |
| Parks & Recreation (3) | Program participants | 14,592 | 20,150 | 20,144 | 19,850 | 19,850 | 18,500 | 18,500 | 18,123 | 17,822 | 18,652 |
| Sewer (4) | Service connections | N/A | N/A | N/A | N/A | 141 | 155 | 139 | 141 | 140 | 140 |
| | Average daily consumption in gallons | N/A | N/A | N/A | N/A | 14,152 | 17,504 | 15,120 | 13,047 | 13,747 | 12,724 |

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

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------------------------|------|------|------|------|--------|--------|--------|--------|--------|--------|
| Sheriff's Office (1) | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Physical arrests | 155 | 170 | 170 | 170 | 164 | 144 | 166 | 223 | 164 | 217 |
| Patrol units | 14 | 14 | 14 | 14 | 14 | 13 | 14 | 20 | 16 | 16 |
| Volunteer Fire Departments (2) | | | | | | | | | | |
| Companies | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Parks and Recreation (3) | | | | | | | | | | |
| Community Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of parks maintained | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Park acreage owned by the County | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Baseball/softball fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| T-ball fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer fields | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Basketball courts | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 |
| Library (4) | | | | | | | | | | |
| Number of libraries | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public Utilities (4) | | | | | | | | | | |
| Wastewater System | | | | | | | | | | |
| Service connections | N/A | N/A | N/A | N/A | 141 | 155 | 139 | 141 | 140 | 140 |
| Average daily consumption in gallons | N/A | N/A | N/A | N/A | 14,152 | 17,504 | 15,120 | 13,047 | 13,747 | 12,724 |
| 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 | 42 | 40 | 35 | 38 | 35 | 33 | 35 | 39 | 36 | 36 |

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

Note:

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

COMPLIANCE SECTION

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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, 2020, 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 November 27, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Richmond, Virginia
November 27, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited County of Surry, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Surry, Virginia's major federal programs for the year ended June 30, 2020. County of Surry, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Surry, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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



Richmond, Virginia
November 27, 2020

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| Federal Grantor/State Pass - Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Pass-Through to Subrecipients |
|---|---------------------------|--|-------------------------|-------------------------------------|
| Department of Health and Human Services: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Social Services:</i> | | | | |
| Marylee Allen Promoting Safe and Stable families | 93.556 | 0950119/0950120 | \$ 5,705 | \$ - |
| Temporary Assistance for Needy Families (TANF Cluster) | 93.558 | 0400119/0400120 | 133,450 | - |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | 0500119/0500120 | 218 | - |
| Low-Income Home Energy Assistance | 93.568 | 0600419/0600420 | 25,921 | - |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster) | 93.596 | 0760119/0760120 | 25,189 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 0900119/0900120 | 314 | - |
| Foster Care - Title IV-E | 93.658 | 1100119/1100120 | 146,535 | - |
| Adoption Assistance | 93.659 | 1120119/1120120 | 12,758 | - |
| Social Services Block Grant | 93.667 | 1000119/1000120 | 141,156 | - |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | 9150119/9150120 | 1,186 | - |
| Children's Health Insurance Program | 93.767 | 0540119/0540120 | 3,238 | - |
| Medical Assistance Program (Medicaid Cluster) | 93.778 | 1200119/1200120 | 214,677 | - |
| Total Department of Health and Human Services | | | \$ 710,347 | \$ - |
| Department of Justice: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Criminal Justice Service:</i> | | | | |
| Crime Victim Assistance | 16.575 | Unavailable | \$ 52,094 | \$ - |
| Department of Transportation: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Transportation:</i> | | | | |
| State and Community Highway Safety (Highway Safety Cluster) | 20.600 | Unavailable | \$ 4,533 | \$ - |
| Department of the Defense: | | | | |
| Direct Payments: | | | | |
| Junior ROTC | 12.xxx | N/A | \$ 69,622 | \$ - |
| Department of Agriculture: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Agriculture:</i> | | | | |
| Food Distribution - Summer Feeding Program (Child Nutrition Cluster) | 10.559 | Unavailable | \$ 651 | |
| <i>Department of Education:</i> | | | | |
| Summer Food Service Program for Children (Child Nutrition Cluster) | 10.559 | Unavailable | 13,459 | |
| COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster) | 10.559 | Unavailable | 120,002 | \$ 134,112 \$ - |
| <i>Department of Agriculture:</i> | | | | |
| Food Distribution - National School Lunch Program (Child Nutrition Cluster) | 10.555 | Unavailable | \$ 21,436 | |
| <i>Department of Education:</i> | | | | |
| National School Lunch Program (Child Nutrition Cluster) | 10.555 | 17901- 40623 | 123,432 | |
| COVID-19 - National School Lunch Program (Child Nutrition Cluster) | 10.555 | 17901- 40623 | 11,480 | \$ 156,348 \$ - |
| School Breakfast Program (Child Nutrition Cluster) | 10.553 | 17901- 40591 | \$ 59,949 | |
| COVID-19 - School Breakfast Program (Child Nutrition Cluster) | 10.553 | 17901- 40591 | 5,716 | \$ 65,665 \$ - |
| Total Child Nutrition Cluster | | | \$ 356,125 | \$ - |
| <i>Department of Social Services:</i> | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster) | 10.561 | 0010109/ 90103 | \$ 219,369 | \$ - |
| Total Department of Agriculture | | | \$ 575,494 | \$ - |
| Department of the Interior: | | | | |
| Pass Through Payments: | | | | |
| <i>Virginia Department of Health:</i> | | | | |
| Sportfishing and Boating Safety Act | 15.622 | Unavailable | \$ 967,420 | \$ - |

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

| Federal Grantor/State Pass - Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Expenditures | Pass-Through to Subrecipients |
|--|---------------------------------|--|----------------------------|-------------------------------------|
| Department of Treasury: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Accounts:</i> | | | | |
| Coronavirus Relief Funds (CRF) | 21.019 | SLT0022 | \$ 121,121 | \$ 20,000 |
| Department of Education: | | | | |
| Pass Through Payments: | | | | |
| <i>Department of Education:</i> | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 17901- 42901 | \$ 226,237 | \$ - |
| <i>Special Education Cluster:</i> | | | | |
| Special Education - Grants to States | 84.027 | 17901- 43071 | 191,999 | - |
| | Total Special Education Cluster | | <u>\$ 191,999</u> | <u>\$ -</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | 17901- 61095 | \$ 9,109 | \$ - |
| Twenty-First Century Community Learning Centers | 84.287 | 17901- 60565 | 89,068 | - |
| Supporting Effective Instruction State Grants | 84.367 | 17901- 61480 | 30,767 | - |
| Student Support and Academic Enrichment Program | 84.424 | 17901 - 60281 | <u>1,323</u> | <u>-</u> |
| Total Department of Education | | | <u>\$ 548,503</u> | <u>\$ -</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 3,049,134</u></u> | <u><u>\$ 20,000</u></u> |

See accompanying notes to schedule of expenditures of federal awards.

County of Surry, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

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, 2020. 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

Expenditures to subrecipients are presented on the Schedule of Expenditure of Federal Awards.

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 | \$ 1,107,833 |
| County Capital Projects Fund | 967,420 |
| Total primary government | <u>\$ 2,075,253</u> |

Component Unit School Board:

| | |
|-----------------------------------|-------------------|
| School Operating Fund | \$ 618,126 |
| School Cafeteria Fund | 356,126 |
| Total component unit school board | <u>\$ 974,252</u> |

| | |
|---|--------------|
| Total federal expenditures per basic financial statements | \$ 3,049,505 |
|---|--------------|

| | |
|--------------------------------|------------|
| Less: Payment in Lieu of Taxes | <u>368</u> |
|--------------------------------|------------|

| | |
|---|----------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | <u><u>\$ 3,049,137</u></u> |
|---|----------------------------|

County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

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:

CFDA Number(s)

15.622

Name of Federal Program or Cluster

Sportfishing and Boating Safety Act

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, 2020

There were no prior year findings.

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