



Annual Comprehensive Financial Report

Fiscal Year Ending June 30, 2023

Prepared by the Department of Finance

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Cover: The Surry County Visitors Center opened in March 2023. The original circuit court clerk's office on Church Street was constructed around 1826 and housed the county's records until 1895. After that time it has housed many local organizations and county offices, including the Surry Calvary, the Surry Chapter of the United Daughters of the Confederacy, the formerly named welfare office and the planning department. Photo by: Pat Bernshausen

INTRODUCTORY SECTION

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COUNTY OF SURRY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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COUNTY OF SURRY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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COUNTY OF SURRY, VIRGINIA

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COUNTY OF SURRY, VIRGINIA
FOR THE YEAR ENDED JUNE 30, 2023

Board of Supervisors

Judy S. Lyttle, Chairperson

Timothy Calhoun
Michael H. Drewry

Robert Elliott
Ronald Howell, Jr.

Social Services Board

Eunice Gay, Chairperson

Elva Clayton
Honorable Judy S. Lyttle
Eliza Drew

Glenn Slade
Linda B. Ellis

County School Board

Dr. Marion H. Wilkins, Chairperson

Elsie M. Dennis
Valencia Jones Williams

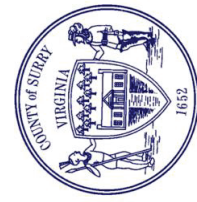
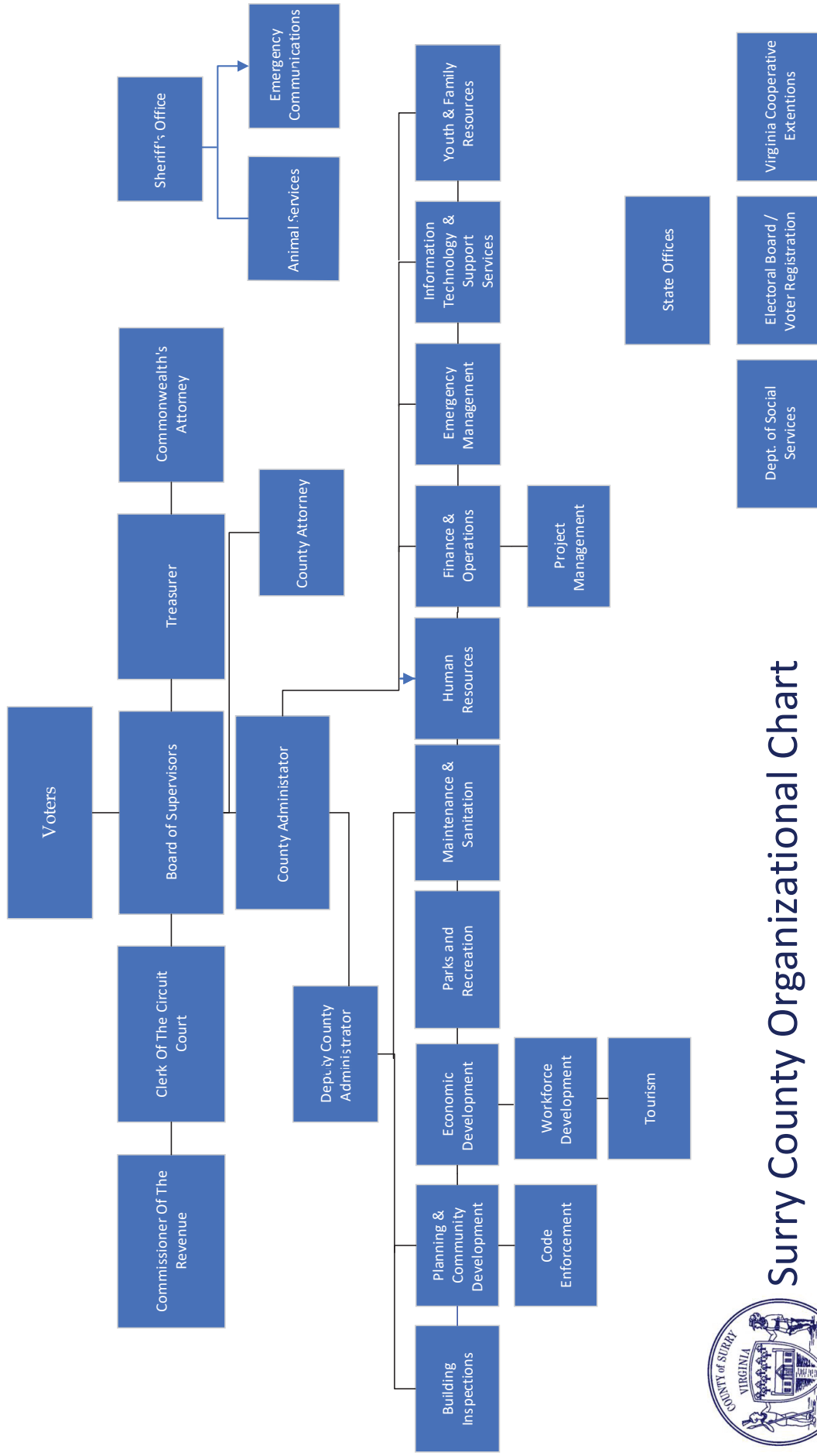
Faye C. Perkins
Laura P. Ruffin

Other Officials

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

W. Allan Sharrett
Gail P. Clayton
Derek A. Davis
Jonathan F. Judkins
Onike Ruffin
Carlos Turner
Dr. Serbrenia J. Sims
Valerie E. Pierce
Melissa Rollins
Elbert D. Mumphery
Jacqueline R. Waymack
Lola Rodriguez Perkins

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Surry County Organizational Chart

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Surry County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

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

Steven T. Morris

Director of Finance

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December 13, 2023

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

Members of the Board:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Surry County (the "County") for the fiscal year ended June 30, 2023. 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, 2023 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, 2023 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 2022 estimated population of 6,527. The greater portion of the County's land area remains rural, and residential growth has not greatly rebounded from the economic slowdown. The County is governed by a five-member Board of Supervisors elected by districts. The Board has overall administrative and legislative responsibilities including levying taxes, appropriating funds, approving and enforcing the County's Comprehensive Plan, making and enforcing ordinances and establishing policies. The County Administrator is appointed to implement the policy decisions of the Board and to direct the day-to-day activities of the County. In addition to the Board, elected constitutional officers in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. The operation of the public school system is vested in a five-member elected School Board. The Board of Supervisors makes monthly appropriations to the School Board based upon the adopted budget. Since the School Board is fiscally dependent on the County, the financial statements of Surry County Public Schools are included as a component unit of the County in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14.

The County provides a range of municipal services including education, public safety (sheriff, animal control, building inspections, emergency services, volunteer fire departments and paid/volunteer rescue services), parks, recreation & cultural activities, public works, health and welfare administration, planning & community development and general administrative services. In addition, the County provides water services to residential and commercial customers in the Towns of Dendron and Surry.

The operation of the utilities systems is an enterprise fund, which means that it should be self-supporting, and is accounted for separately from the County's general operating fund.

Local Economy

The County's unemployment rate decreased to 2.7% in June 2023 from its 2022 level of 3.1%. The rate is usually consistent with the U.S. rate and slightly higher than the Virginia rate, all of which increased due to the economic impacts of COVID-19. These larger employers include a nuclear power plant, state & local government, construction and manufacturing.

Forty-two percent of the County's workforce is between the ages of 45 and 64. Forty-two percent of the workforce is between the ages of 25 and 44. Growth occupations appear to be in the areas of information, arts, entertainment and recreation, transportation and warehousing, educational services, and healthcare and social assistance. Declining occupations appear to be in the areas of mining and related, retail, and real estate.

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 policy assigns 25% of the following fiscal year's budgeted General Fund and School Operating budgets, net of transfers, as well as amounts already committed, as unavailable for spending. 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

Enterprise Resource Planning (ERP) Software Upgrade - The aged legacy financial system is being replaced with a new, state of the art system that will leverage current technology and make financial and other processes more efficient. The current system was implemented in 1999. The project will be completed over multiple years. The estimated \$1.0 million project funding source is general fund balance. In FY 22-23, the County made significant progress in the various project implementation phases and anticipates that go live of the certain financial components by July 1, 2024.

Public Safety Radio Communication System: The County contracted with Motorola Solution Inc. for a new Public Safety Radio Communication System to serve all public safety and emergency services to include fire and rescue, sheriff, first responders and the school division. The project cost of \$5.3 million, to include 10 years maintenance cost, was debt financed. The County has worked with stakeholders during the fiscal year and made significant progress in preparation for going live

with the new system in January 2024.

Investments in Major Equipment & Infrastructure: Funding was included in the CIP to address deferred maintenance and replacement of the County's infrastructure and capital assets, including fire apparatus, public safety and other vehicles, and roof repairs. Due to manufacturing delays, equipment ordered is expected to arrive in the 2nd quarter of FY 23-24.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 ten years (fiscal years ended 2012-2022). We believe that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

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



Steven T. Morris
Director of Finance

FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Surry, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Surry, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of County of Surry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Surry, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Surry, Virginia's internal control over financial reporting and compliance.



Richmond, Virginia
December 13, 2023

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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, 2023. Readers are encouraged to consider this information in conjunction with that in the letter of transmittal.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's financial statements. The County's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

Notes to the financial statements

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

Required Supplementary Information

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

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Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The *Statement of Net Position* serves as a useful indicator over time of financial position. The County's governmental assets and deferred outflows of resources at June 30, 2023 exceeded liabilities and deferred inflows of resources by \$28.9 million, while business assets exceeded liabilities by \$3.6 million. The following table provides comparative information on the County's net position as of June 30, 2023 and June 30, 2022.

County of Surry, Virginia's Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 30,473,618	\$ 26,733,670	\$ 94,870	\$ 60,294	\$ 30,568,488	\$ 26,793,964
Capital assets	25,674,907	26,350,786	3,491,108	3,601,514	29,166,015	29,952,300
Total assets	\$ 56,148,525	\$ 53,084,456	\$ 3,585,978	\$ 3,661,808	\$ 59,734,503	\$ 56,746,264
Pension related items	\$ 927,422	\$ 1,459,095	\$ -	\$ -	\$ 927,422	\$ 1,459,095
OPEB related items	159,590	82,908	-	-	159,590	82,908
Total deferred outflows of revenue	\$ 1,087,012	\$ 1,542,003	\$ -	\$ -	\$ 1,087,012	\$ 1,542,003
Current liabilities	\$ 1,777,146	\$ 1,213,293	\$ 35,205	\$ 14,474	\$ 1,812,351	\$ 1,227,767
Long-term liabilities:						
Due within one year	1,675,920	1,612,429	-	-	1,675,920	1,612,429
Due in more than one year	23,572,749	24,489,008	-	-	23,572,749	24,489,008
Total liabilities	\$ 27,025,815	\$ 27,314,730	\$ 35,205	\$ 14,474	\$ 27,061,020	\$ 27,329,204
Deferred revenue-property taxes	\$ 27,406	\$ 26,300	\$ -	\$ -	\$ 27,406	\$ 26,300
Lease related items	0	207,217	-	-	0	207,217
Pension related items	1,178,852	2,489,400	-	-	1,178,852	2,489,400
OPEB related items	68,434	119,431	-	-	68,434	119,431
Total deferred inflow of resources	\$ 1,274,692	\$ 2,842,348	\$ -	\$ -	\$ 1,274,692	\$ 2,842,348
Net investment in capital assets	\$ 17,402,364	\$ 15,815,687	\$ 3,491,108	\$ 3,601,514	\$ 20,893,472	\$ 19,417,201
Restricted for Grants	69,274				69,274	
Unrestricted	11,463,392	8,653,694	59,665	45,820	11,523,057	8,699,514
Total net position	\$ 28,935,030	\$ 24,469,381	\$ 3,550,773	\$ 3,647,334	\$ 32,485,803	\$ 28,116,715

Unrestricted net position of governmental activities account for \$11.5 million or 39.6% 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
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 732,422	\$ 472,102	\$ 96,695	\$ 69,624	\$ 829,117	\$ 541,726
Operating grants and contributions	3,434,535	3,192,620	-	-	3,434,535	3,192,620
Capital grants and contributions	-	1,535,956	-	-	-	1,535,956
General revenues:						
General property taxes	26,295,256	24,601,918	-	-	26,295,256	24,601,918
Other local taxes	1,701,749	1,445,077	-	-	1,701,749	1,445,077
Grants and other contributions not restricted	729,905	762,090	-	-	729,905	762,090
Other general revenues	2,388,005	489,310			2,388,005	489,310
Total revenues	\$ 35,281,872	\$ 32,499,073	\$ 96,695	\$ 69,624	\$ 35,378,567	\$ 32,568,697
Expenses:						
General government administration	\$ 3,487,373	\$ 3,217,674	\$ -	\$ -	\$ 3,487,373	\$ 3,217,674
Judicial administration	1,020,879	1,039,743	-	-	1,020,879	1,039,743
Public safety	5,403,117	4,333,212	-	-	5,403,117	4,333,212
Public works	1,824,385	1,675,724	275,356	289,489	2,099,741	1,965,213
Health and welfare	2,996,979	2,958,383	-	-	2,996,979	2,958,383
Education	13,034,202	12,616,856	-	-	13,034,202	12,616,856
Parks, recreation, and cultural	1,378,199	574,238	-	-	1,378,199	574,238
Community development	1,079,793	3,774,168	-	-	1,079,793	3,774,168
Interest and other fiscal charges	509,196	544,011	-	-	509,196	544,011
Total expenses	\$ 30,734,123	\$ 30,734,009	\$ 275,356	\$ 289,489	\$ 31,009,479	\$ 31,023,498
Transfers	\$ (82,100)	\$ (137,171)	\$ 82,100	\$ 137,171	\$ -	\$ -
Change in net position	\$ 4,465,649	\$ 1,627,893	\$ (96,561)	\$ (82,694)	\$ 4,369,088	\$ 1,545,199
Net position, beginning of year	24,469,381	22,841,488	3,647,334	3,730,028	28,116,715	26,571,516
Net position, end of year	<u>\$ 28,935,030</u>	<u>\$ 24,469,381</u>	<u>\$ 3,550,773</u>	<u>\$ 3,647,334</u>	<u>\$ 32,485,803</u>	<u>\$ 28,116,715</u>

The *Statement of Activities* illustrates the general revenue sources that support the various governmental operations. Governmental activities increased the County's net position by \$4.5 million, from \$24.5 million at June 30, 2022 to \$29.0 million at June 30, 2023. Key factors associated with the increase in net position include:

- General property taxes increased by \$1.7M or 7% from FY22 to FY23. This increase is due in part to a general reassessment for FY23, offset by a reduction in the tax rate.
- Other local taxes increased by \$256,672 or 18%, primarily due to a large increase in local sales tax revenue.
- Other general revenue increased by \$1.9M or 488%, primarily due to an increase in investment earnings as a result of increasing interest rates.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

- Charges for services increased by \$260,320 or 55%, This increase was driven by a resumption of user activity post-COVID and a new charge for shared services with the County of Sussex.
- Total expenses remained flat.

In FY23 the net position of the County's business-type activities remained relatively level at \$3.6 million. The table on the preceding page shows the revenues and expenses of the governmental and business-type activities.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

The County's total revenues from the General Fund were \$30.9 million for the fiscal year ended June 30, 2023. General Fund revenue increased 4.51%, or \$1.33 million, in FY23. General property taxes, the largest source of revenue, were \$24.66 million, including public service corporation taxes (\$15.38 million), real estate taxes (\$7.31 million) and personal property taxes (\$1.83 million). Approximately 80% of the County's revenue from governmental activities is derived from property taxes, as shown below in the table of Revenue Classified by Source.

Other local taxes is comprised primarily of local sales tax, business and vehicle licenses, utility consumption taxes and recordation tax. The second largest local revenue source, other local taxes, totaled \$1,445,077 in FY23. This amount represented an increase of \$387,742, or 36.67% from the previous year. This increase was primarily due to an increase in local sales tax revenue.

	Revenue Classified by Source - General Fund					
	June 30, 2023		June 30, 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Property Taxes	\$26,112,350	77.20%	\$24,650,281	79.60%	1,462,069	5.93%
Other Local Taxes	1,701,749	5.03%	1,445,077	4.67%	256,672	17.76%
Permits, Fees & Regulatory Licenses	482,391	1.43%	185,901	0.60%	296,490	159.49%
Fines & Forfeitures	51,006	0.15%	42,752	0.14%	8,254	19.31%
Revenue from Use of Money & Property	576,921	1.71%	159,770	0.52%	417,151	261.09%
Charges for Services	199,025	0.59%	243,449	0.79%	-44,424	-18.25%
Miscellaneous	404,639	1.20%	221,791	0.72%	182,848	82.44%
Recovered Costs	155,742	0.46%	65,545	0.21%	90,197	137.61%
Intergovernmental:						
Commonwealth	2,933,368	8.67%	2,762,364	8.92%	171,004	6.19%
Federal	1,206,052	3.57%	1,192,346	3.85%	13,706	1.15%
Total Revenues	\$33,823,243	100.00%	\$30,969,276	100.00%	\$2,924,321	9.22%

Intergovernmental revenues allocated by the state and federal governments totaled \$4.1 million during FY23, which reflects an increase of \$184,710 or 4.7%. Revenue from the commonwealth and the federal government for non-categorical aid increased by \$12,849 or 1.7% in FY23. This increase is primarily due an increase in mobile home titling tax. 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 \$66,790, or 5.9%, while the other categorical aid consisting of welfare administration, children's services act and federal & state grants increased by \$91,365 or 10.6%. This increase was primarily due to increases in support of children's services and tourism costs.

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds Expenditure Analysis

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

	Expenditures by Function - General Fund					
	June 30, 2023		June 30, 2022		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government Administration	\$3,205,228	10.87%	\$2,658,554	9.54%	\$546,674	20.56%
Judicial Administration	779,714	2.64%	747,537	2.68%	32,177	4.30%
Public Safety	4,229,664	14.35%	3,807,481	13.66%	422,183	11.09%
Public Works	1,613,048	5.47%	1,596,296	5.73%	16,752	1.05%
Health & Welfare	3,043,022	10.32%	3,024,030	10.85%	18,992	0.63%
Education	12,864,200	43.63%	12,429,222	44.61%	434,978	3.50%
Parks, Recreation & Cultural	538,986	1.83%	468,228	1.68%	70,758	15.11%
Community Development	922,539	3.13%	851,757	3.06%	70,782	8.31%
Capital Projects	0	0.00%	0	0.00%	0	N/A
Debt Service: Principal Retirement	1,565,000	5.31%	1,510,000	5.42%	55,000	3.64%
Debt Service: Interest Retirement	720,505	2.44%	770,040	2.76%	-49,535	-6.43%
Total Expenditures	\$29,481,906	100.00%	\$27,863,145	100.00%	\$1,618,761	5.81%

The County's total General Fund expenditures of \$29.5 million for the fiscal year ended June 30, 2023 covered a wide range of services, with 43.63% or \$12.86 million for education (payments to the School System, a component unit), 14.35% or \$4.2 million for public safety, 10.32% or \$3.0 million for health and welfare services, 7.75% or \$2.29 million to retire existing debt service, 10.87% or \$3.2 million related to general government administration, and 5.47% or \$1.6 million for public works. The remaining 7.60% includes expenditures for parks & recreation, community development, and judicial administration.

The General Fund is the main operating fund of the County. Primarily, the County's ending fund balance at June 30th is used to fund financial obligations of the County from July 1st through December 5th of each year, when the County receives its largest influx of revenue in the form of general property taxes. Prior to December 5th only minimal revenues such as federal and state reimbursements, fees for services, permits and fines are routinely received. Therefore, not all of the \$14.6 million in unrestricted net position noted in Exhibit 1 of the CAFR is available for spending at the County's discretion. In short, the County depends on its fund balance, or reserves, for cash flow at certain times during the fiscal year.

The County's current financial policy has established an assigned fund balance of 25% of General Fund and School Fund appropriated expenditures (net of transfers), and the Board of Supervisors also assigns fund balance for various purposes throughout the year. Fund balance is reserved for unspent grants that are restricted to certain uses. At June 30, 2023, the reserved fund balance was \$69,274, the committed fund balance was \$9,700,787, and the unassigned fund balance was \$10,700,902 of the total fund balance.

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

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

The FY23 capital expenditures totaled \$2,399,275, including these projects:

- New fire apparatus - \$668,446, or 27.9%
- School capital projects - \$617,844 or 25.8%
- New public safety radio system - \$390,191, or 16.3%
- New financial management system - \$251,987, or 10.5%
- Major maintenance projects - \$149,292, or 6.2%
- Vehicle replacement - \$113,019, or 4.7%
- Records books preservation - \$86,546, or 3.6%
- Technology upgrades - \$75,144, or 3.1%
- Miscellaneous other projects -- \$44,087, or 1.9%.

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. FY23 resulted in General Fund operating expenditures of \$1,980,760 below the revised budget. The County's budget was amended during the year to reflect grants, carryover of unspent appropriations from FY22 and other unanticipated revenues. The difference between the original adopted budget and the amended budget was \$733,649 or 2.4%.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2023 totaled \$25.7 million (net of accumulated depreciation). This represents a net decrease of \$0.68 million, due primarily to depreciation and asset disposal. The investment in capital assets includes land and land improvements, buildings, infrastructure and machinery & equipment. Additional information on the County's capital assets can be found in Note 5 of this report.

Long-Term Debt - At the end of the current fiscal year, the County had total debt outstanding of \$21.4 million, excluding bond premiums, compensated absences, and landfill post-closure liability. Of this amount, \$1.2 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 \$1.25 million of the total outstanding general obligation bonds of the governmental activities.

During the current fiscal year, the County's total debt decreased by \$0.73 million, excluding bond premiums, compensated absences and landfill post-closure liability.

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

Surry County, Virginia
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the County for the fiscal year ending June 30, 2023 was 2.7%, a decrease of 0.4.% from the same period last year. Generally, the County's unemployment rate remains slightly above the state's average.
- The FY24 operating budget for all funds is \$54.7 million (including transfers to other funds), an decrease of 2.2% from the FY23 adopted budget. The FY24 Capital budget is \$5.66 million, a decrease of 21.9% from the FY23 capital budget.
- Tax rates for future periods are dependent on the effects of fluctuations in the assessed valuations of public service corporations and real property.
- For FY2024, the real property tax rate is \$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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 13,295,936	\$ 45,851	\$ 13,341,787	\$ 3,491,612	\$ 110,896
Receivables (net of allowance for uncollectibles):					
Taxes receivable	554,567	-	554,567	-	-
Accounts receivable	165,811	49,019	214,830	-	-
Due from other governmental units	2,535,407	-	2,535,407	1,014,960	-
Restricted assets:					
Bond construction escrow	13,921,897	-	13,921,897	-	-
Capital assets (net of accumulated depreciation/amortization):					
Land and land improvements	1,811,163	3,636	1,814,799	158,330	-
Buildings and system	17,149,507	3,481,473	20,630,980	5,165,231	-
Equipment	2,241,451	5,999	2,247,450	2,725,204	-
Lease equipment	-	-	-	64,503	-
Improvements	3,209,711	-	3,209,711	-	-
Construction in progress	1,263,075	-	1,263,075	452,547	-
Total assets	\$ 56,148,525	\$ 3,585,978	\$ 59,734,503	\$ 13,072,387	\$ 110,896
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 927,422	\$ -	\$ 927,422	\$ 2,113,320	\$ -
OPEB related items	159,590	-	159,590	346,117	-
Total deferred outflows of resources	\$ 1,087,012	\$ -	\$ 1,087,012	\$ 2,459,437	\$ -
LIABILITIES					
Accounts payable	\$ 463,049	\$ 35,205	\$ 498,254	\$ 248,797	\$ -
Accrued liabilities	-	-	-	1,358,381	-
Accrued interest payable	187,053	-	187,053	-	-
Unearned grants	1,127,044	-	1,127,044	-	-
Due to other governmental units	-	-	-	1,805,829	-
Long-term liabilities:					
Due within one year	1,675,920	-	1,675,920	21,403	-
Due in more than one year	23,572,749	-	23,572,749	10,668,722	-
Total liabilities	\$ 27,025,815	\$ 35,205	\$ 27,061,020	\$ 14,103,132	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 27,406	\$ -	\$ 27,406	\$ -	\$ -
Pension related items	1,178,852	-	1,178,852	2,698,397	-
OPEB related items	68,434	-	68,434	452,476	-
Total deferred inflows of resources	\$ 1,274,692	\$ -	\$ 1,274,692	\$ 3,150,873	\$ -
NET POSITION					
Net investment in capital assets	\$ 17,402,364	\$ 3,491,108	\$ 20,893,472	\$ 8,499,048	\$ -
Restricted for:					
Construction	-	-	-	1,048,790	-
Grants	69,274	-	69,274	-	-
Unrestricted (deficit)	11,463,392	59,665	11,523,057	(11,270,019)	110,896
Total net position (deficit)	\$ 28,935,030	\$ 3,550,773	\$ 32,485,803	\$ (1,722,181)	\$ 110,896

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, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 3,487,373	\$ 89	\$ 400,909	\$ -
Judicial administration	1,020,879	59,811	450,517	-
Public safety	5,403,117	642,130	818,459	-
Public works	1,824,385	11,732	11,000	-
Health and welfare	2,996,979	-	1,738,610	-
Education	13,034,202	-	-	-
Parks, recreation, and cultural	1,378,199	18,660	15,040	-
Community development	1,079,793	-	-	-
Interest on long-term debt	509,196	-	-	-
Total governmental activities	\$ 30,734,123	\$ 732,422	\$ 3,434,535	\$ -
Business-type activities:				
Water and sewer	\$ 275,356	\$ 96,695	\$ -	\$ -
Total business-type activities	\$ 275,356	\$ 96,695	\$ -	\$ -
Total primary government	\$ 31,009,479	\$ 829,117	\$ 3,434,535	\$ -
COMPONENT UNITS:				
School Board	\$ 17,694,887	\$ 72,789	\$ 5,513,333	\$ 1,048,790
Economic Development Authority	770,067	-	-	-
Total component units	\$ 18,464,954	\$ 72,789	\$ 5,513,333	\$ 1,048,790
General revenues:				
General property taxes				
Other local taxes:				
Local sales and use taxes				
Motor vehicle licenses				
Business licenses				
Other local taxes				
Unrestricted revenues from use of money				
Miscellaneous				
Payments from Surry County				
Grants and contributions not restricted to specific programs				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit) - beginning				
Net position (deficit) - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (3,086,375)		\$ (3,086,375)		
(510,551)		(510,551)		
(3,942,528)		(3,942,528)		
(1,801,653)		(1,801,653)		
(1,258,369)		(1,258,369)		
(13,034,202)		(13,034,202)		
(1,344,499)		(1,344,499)		
(1,079,793)		(1,079,793)		
(509,196)		(509,196)		
<u>\$ (26,567,166)</u>		<u>\$ (26,567,166)</u>		
	\$ (178,661)	\$ (178,661)		
	<u>\$ (178,661)</u>	<u>\$ (178,661)</u>		
		<u>\$ (26,745,827)</u>		
			\$ (11,059,975)	\$ -
			-	(770,067)
			<u>\$ (11,059,975)</u>	<u>\$ (770,067)</u>
\$ 26,295,256	\$ -	\$ 26,295,256	\$ -	\$ -
1,191,713	-	1,191,713	-	-
126,647	-	126,647	-	-
137,419	-	137,419	-	-
245,970	-	245,970	-	-
1,650,247	-	1,650,247	404	88
737,758	-	737,758	217,027	-
-	-	-	12,923,355	329,500
729,905	-	729,905	-	-
(82,100)	82,100	-	-	-
<u>\$ 31,032,815</u>	<u>\$ 82,100</u>	<u>\$ 31,114,915</u>	<u>\$ 13,140,786</u>	<u>\$ 329,588</u>
\$ 4,465,649	\$ (96,561)	\$ 4,369,088	\$ 2,080,811	\$ (440,479)
24,469,381	3,647,334	28,116,715	(3,802,992)	551,375
<u>\$ 28,935,030</u>	<u>\$ 3,550,773</u>	<u>\$ 32,485,803</u>	<u>\$ (1,722,181)</u>	<u>\$ 110,896</u>

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FUND FINANCIAL STATEMENTS

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County of Surry, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 19,268,140	\$ -	\$ 972,855	\$ 20,240,995
Receivables (net of allowance for uncollectibles):				
Taxes receivable	554,567	-	-	554,567
Accounts receivable	165,811	-	-	165,811
Due from other funds	1,002	-	-	1,002
Due from other governmental units	2,535,407	-	-	2,535,407
Restricted assets:				
Bond construction funds	-	13,921,897	-	13,921,897
Total assets	<u>\$ 22,524,927</u>	<u>\$ 13,921,897</u>	<u>\$ 972,855</u>	<u>\$ 37,419,679</u>
LIABILITIES				
Accounts payable	\$ 381,609	\$ 81,440	\$ -	\$ 463,049
Reconciled overdraft payable	-	6,945,059	-	6,945,059
Unearned grants	1,127,044	-	-	1,127,044
Due to other funds	-	-	1,002	1,002
Total liabilities	<u>\$ 1,508,653</u>	<u>\$ 7,026,499</u>	<u>\$ 1,002</u>	<u>\$ 8,536,154</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	\$ 467,117	\$ -	\$ -	\$ 467,117
Unavailable revenue-opioid settlement	78,195	-	-	78,195
Total deferred inflows of resources	<u>\$ 545,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 545,312</u>
FUND BALANCES				
Reserved for:				
Restricted	\$ 69,274	\$ -	\$ -	\$ 69,274
Committed	-	6,895,398	1,010,551	7,905,949
Assigned	9,700,787	-	-	9,700,787
Unassigned (deficit)	10,700,901	-	(38,698)	10,662,203
Total fund balances	<u>\$ 20,470,962</u>	<u>\$ 6,895,398</u>	<u>\$ 971,853</u>	<u>\$ 28,338,213</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,524,927</u>	<u>\$ 13,921,897</u>	<u>\$ 972,855</u>	<u>\$ 37,419,679</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 28,338,213

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

Capital assets cost	\$ 47,128,871	
Accumulated depreciation	(21,453,964)	25,674,907

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

Unavailable revenue - property taxes	\$ 439,711	
Unavailable revenue - opioid settlement	78,195	517,906

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

Pension related items	\$ 927,422	
OPEB related items	159,590	1,087,012

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	\$ (1,225,000)	
Revenue bond	(19,850,000)	
Bond issuance premiums	(1,119,440)	
Net OPEB liability	(472,407)	
Net pension liability	(1,074,776)	
Compensated absences	(659,197)	
Landfill postclosure care	(847,849)	
Accrued interest payable	(187,053)	(25,435,722)

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

Pension related items	\$ (1,178,852)	
OPEB related items	(68,434)	(1,247,286)

Net position of governmental activities		\$ 28,935,030
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The notes to the financial statements are an integral part of this statement.

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

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 26,112,350	\$ -	\$ -	\$ 26,112,350
Other local taxes	1,701,749	-	-	1,701,749
Permits, privilege fees, and regulatory licenses	482,391	-	-	482,391
Fines and forfeitures	51,006	-	-	51,006
Revenue from the use of money and property	576,921	473,290	600,036	1,650,247
Charges for services	199,025	-	-	199,025
Miscellaneous	404,639	-	279,500	684,139
Recovered costs	155,742	-	-	155,742
Intergovernmental:				
Commonwealth	2,933,368	-	444	2,933,812
Federal	1,206,052	-	-	1,206,052
Total revenues	<u>\$ 33,823,243</u>	<u>\$ 473,290</u>	<u>\$ 879,980</u>	<u>\$ 35,176,513</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,205,228	\$ -	\$ -	\$ 3,205,228
Judicial administration	779,714	-	-	779,714
Public safety	4,229,664	-	-	4,229,664
Public works	1,613,048	-	-	1,613,048
Health and welfare	3,043,022	-	-	3,043,022
Education	12,864,200	-	-	12,864,200
Parks, recreation, and cultural	538,986	-	-	538,986
Community development	922,539	-	106,787	1,029,326
Capital projects	-	2,399,276	-	2,399,276
Debt service:				
Principal retirement	1,565,000	-	-	1,565,000
Interest and other fiscal charges	720,505	-	-	720,505
Total expenditures	<u>\$ 29,481,906</u>	<u>\$ 2,399,276</u>	<u>\$ 106,787</u>	<u>\$ 31,987,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,341,337</u>	<u>\$ (1,925,986)</u>	<u>\$ 773,193</u>	<u>\$ 3,188,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 3,099,093	\$ 80,000	\$ 3,179,093
Transfers out	(3,261,193)	-	-	(3,261,193)
Total other financing sources (uses)	<u>\$ (3,261,193)</u>	<u>\$ 3,099,093</u>	<u>\$ 80,000</u>	<u>\$ (82,100)</u>
Net change in fund balances	\$ 1,080,144	\$ 1,173,107	\$ 853,193	\$ 3,106,444
Fund balances - beginning	19,390,818	5,722,291	118,660	25,231,769
Fund balances - ending	<u>\$ 20,470,962</u>	<u>\$ 6,895,398</u>	<u>\$ 971,853</u>	<u>\$ 28,338,213</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, 2023

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

Net change in fund balances - total governmental funds	\$	3,106,444
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is a summary of items supporting this adjustment:

Capital asset additions	\$ 1,516,860	
Depreciation expense	(1,399,926)	
Activity related to joint tenancy assets of Component Unit and Primary Government	<u>(60,384)</u>	(675,879)

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

Property taxes	\$ 182,906	
Opioid settlement	<u>78,195</u>	261,101

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

Principal retired on school general obligation bonds	\$ 170,000	
Principal retired on lease revenue bond	1,395,000	
Bond premium amortization	<u>196,648</u>	1,761,648

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	\$ (184,903)	
Pension expense	237,102	
OPEB expense	1,682	
Decrease (increase) in landfill postclosure care	(56,207)	
Decrease (increase) in accrued interest payable	<u>14,661</u>	12,335

Change in net position of governmental activities	\$	<u><u>4,465,649</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Surry, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Fund Water and <u>Sewer</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 45,851
Accounts receivable, net of allowance for uncollectibles	49,019
Total current assets	<u>\$ 94,870</u>
Noncurrent assets:	
Capital assets:	
Land and land improvements	\$ 3,636
Utility plant in service	4,176,247
Equipment	119,992
Accumulated depreciation	(808,767)
Total net capital assets	<u>\$ 3,491,108</u>
Total noncurrent assets	<u>\$ 3,491,108</u>
Total assets	<u>\$ 3,585,978</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 35,205
Total current liabilities	<u>\$ 35,205</u>
Total liabilities	<u>\$ 35,205</u>
NET POSITION	
Investment in capital assets	\$ 3,491,108
Unrestricted	59,665
Total net position	<u><u>\$ 3,550,773</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, 2023

	Enterprise Fund Water and <u>Sewer</u>
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	\$ 96,695
Total operating revenues	<u>\$ 96,695</u>
OPERATING EXPENSES	
Other supplies and expenses	\$ 164,950
Depreciation	110,406
Total operating expenses	<u>\$ 275,356</u>
Operating income (loss)	<u>\$ (178,661)</u>
Income (loss) before transfers	<u>\$ (178,661)</u>
Transfers in	<u>\$ 82,100</u>
Change in net position	\$ (96,561)
Net position - beginning	3,647,334
Net position - ending	<u><u>\$ 3,550,773</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, 2023

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 59,144
Payments to suppliers	(144,219)
Net cash provided by (used for) operating activities	<u>\$ (85,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	<u>\$ 82,100</u>
Net increase (decrease) in cash and cash equivalents	\$ (2,975)
Cash and cash equivalents - beginning	48,826
Cash and cash equivalents - ending	<u><u>\$ 45,851</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (178,661)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 110,406
(Increase) decrease in accounts receivable	(37,551)
Increase (decrease) in accounts payable	20,731
Total adjustments	<u>\$ 93,586</u>
Net cash provided by (used for) operating activities	<u><u>\$ (85,075)</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, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 292,552
Total assets	<u>\$ 292,552</u>
 NET POSITION	
Restricted for:	
Special welfare	\$ 67,760
Other governments	<u>224,792</u>
Total net position	<u>\$ 292,552</u>

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

County of Surry, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

Custodial Funds

ADDITIONS

Contributions:

Donations	\$	53,274
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Investment earnings:

Interest and dividends		39
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Total additions	\$	53,313
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DEDUCTIONS

Purchases for supplies

	\$	3,404
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Total deductions	\$	3,404
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Net increase (decrease) in fiduciary net position	\$	49,909
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Net position, beginning	\$	242,643
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Net position, ending	\$	292,552
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The notes to the financial statements are an integral part of this statement.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements As of June 30, 2023

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2023.

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, 2023.

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 the EDA has the potential for financial benefit or burden to the County. Therefore, the EDA is included in the County's financial statements as a discrete presentation for the year ended June 30, 2023. The Authority does not issue a separate financial report.

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

None

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

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

Excluded from the County's Annual Financial Report

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the Cities of Colonial Heights, Emporia, Hopewell, Petersburg and the Counties of Surry, Greensville, Prince George and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Surry County contributed \$79,376 to the District 19 Community Services Board for the fiscal year ended June 30, 2023.

Riverside Regional Jail

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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

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

1. Governmental Funds

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

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

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

1. Governmental Funds (Continued)

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

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

The County reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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

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

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

E. Cash and Cash Equivalents

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

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

F. Investments

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$209,910 at June 30, 2023 and is comprised of property taxes of \$85,120 and water and sewer charges of \$124,790.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

H. Capital Assets (Continued)

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

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

I. Leases

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

Lessee

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

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

I. Leases (Continued)

Key Estimates and Judgments

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

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

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

J. Compensated Absences

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

K. Use of Estimates

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

L. Fund Balance

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

L. Fund Balance (Continued)

- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an resolution committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

	General Fund	County Capital Projects Fund	Other Governmental Funds	Total
Fund Balances:				
Restricted for:				
Niagara Grant	\$ 611	\$ -	\$ -	\$ 611
Radiological Grant	68,663	-	-	68,663
Total Restricted Fund Balance	\$ 69,274	\$ -	\$ -	\$ 69,274
Committed:				
Capital Projects	\$ -	\$ 6,895,398	\$ -	\$ 6,895,398
DEA Task Force	-	-	53,867	53,867
Economic Development	-	-	956,684	956,684
Total Committed Fund Balance	\$ -	\$ 6,895,398	\$ 1,010,551	\$ 7,905,949
Assigned for:				
General Government	\$ 9,700,787	\$ -	\$ -	\$ 9,700,787
Total Assigned Fund Balance	\$ 9,700,787	\$ -	\$ -	\$ 9,700,787
Unassigned	\$ 10,700,901	\$ -	\$ (38,698)	\$ 10,662,203
Total Fund Balances	\$ 20,470,962	\$ 6,895,398	\$ 971,853	\$ 28,338,213

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

M. Net Position

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

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

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

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

VRS Plans

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

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

O. Other Postemployment Benefits (OPEB) (Continued)

Medical and Dental Pay-As-You Go

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

P. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as a debt service expenditure.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net asset that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information, reference the related notes.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Fund, and the Capital Projects Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceed appropriations in any fund at June 30, 2023. The School Cafeteria Fund has a negative fund balance at June 30, 2023.

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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2023

Note 3—Deposits and Investments: (Continued)

Investments

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

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2023 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	\$ 14,048,529
Virginia State Non-Arbitrage Pool	13,921,897
Total	<u>\$ 27,970,426</u>

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	\$14,048,529	\$ 14,048,529
Virginia State Non-Arbitrage Pool	13,921,897	13,921,897
Total	<u>\$27,970,426</u>	<u>\$ 27,970,426</u>

COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)****As of June 30, 2023*****Note 3—Deposits and Investments: (Continued)*****External Investment Pool**

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

Note 4—Due to/from Other Governments:

At June 30, 2023, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Surry County School Board	\$ 1,805,829	\$ -
Commonwealth of Virginia:		
Local sales tax	425,689	-
State Sales Tax	-	158,878
Constitutional officer reimbursements	95,701	-
Auto rental tax	784	-
Mobile home titling tax	735	-
Communications tax	5,661	-
Children's services act	90,085	-
Welfare	32,242	-
E-911 wireless grant	8,523	-
Federal Government:		
JROTC	-	6,860
School fund grants	-	849,222
Welfare	70,158	-
Total due from other governments	<u>\$ 2,535,407</u>	<u>\$ 1,014,960</u>

At June 30, 2023, amounts due to other local governments are as follows:

Other Local Governments:		
County of Surry	<u>\$ -</u>	<u>\$ 1,805,829</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Reclass	Additions	Deletions	Balance June 30, 2023
<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	190,705	-	1,072,370	-	1,263,075
Total capital assets not subject to depreciation	\$ 2,001,868	\$ -	\$ 1,072,370	\$ -	\$ 3,074,238
Capital assets subject to depreciation:					
Buildings and improvements	\$26,334,022	\$ 122,000	\$ 10,000	\$ 887,793	\$ 25,578,229
Equipment	9,279,763	-	434,490	-	9,714,253
Infrastructure	3,685,900	(122,000)	-	-	3,563,900
Jointly owned assets	5,433,440	-	-	235,189	5,198,251
Total capital assets subject to depreciation	\$44,733,125	\$ -	\$ 444,490	\$ 1,122,982	\$ 44,054,633
Accumulated depreciation:					
Buildings and improvements	\$ 9,138,935	\$ 30,501	\$ 639,649	\$ 155,364	\$ 9,653,721
Equipment	6,911,241	-	561,561	-	7,472,802
Infrastructure	295,592	(30,501)	89,098	-	354,189
Jointly owned assets	4,038,439	-	109,618	174,805	3,973,252
Total accumulated depreciation	\$20,384,207	\$ -	\$ 1,399,926	\$ 330,169	\$ 21,453,964
Total capital assets subject to depreciation, net	\$24,348,918	\$ -	\$ (955,436)	\$ 792,813	\$ 22,600,669
Governmental activities capital assets, net	\$26,350,786	\$ -	\$ 116,934	\$ 792,813	\$ 25,674,907

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment at June 30, 2023 follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Business-type activities:</i>				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 3,636	\$ -	\$ -	\$ 3,636
Capital assets subject to depreciation:				
Utility Plant in Service	\$ 4,176,247	\$ -	\$ -	\$ 4,176,247
Equipment	119,992	-	-	119,992
Total capital assets subject to depreciation	\$ 4,296,239	\$ -	\$ -	\$ 4,296,239
Accumulated depreciation:				
Utility Plant in Service	\$ 590,368	\$ 104,406	\$ -	\$ 694,774
Equipment	107,993	6,000	-	113,993
Total accumulated depreciation	\$ 698,361	\$ 110,406	\$ -	\$ 808,767
Total capital assets subject to depreciation, net	\$ 3,597,878	\$ (110,406)	\$ -	\$ 3,487,472
Business-type activities capital assets, net	\$ 3,601,514	\$ (110,406)	\$ -	\$ 3,491,108

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Capital Assets: (Continued)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation/amortization:				
Land and land improvements	\$ 158,330	\$ -	\$ -	\$ 158,330
Construction in progress	44,807	407,740	-	452,547
Total capital assets not subject to depreciation/amortization	\$ 203,137	\$ 407,740	\$ -	\$ 610,877
Capital assets subject to depreciation/amortization:				
Equipment	\$ 7,680,490	\$ 781,984	\$ 754,381	\$ 7,708,093
Lease equipment	107,505	-	-	107,505
Building improvement	1,615,304	-	1,430,618	184,686
Jointly owned assets	21,349,329	-	(235,189)	21,584,518
Total capital assets subject to depreciation/amortization	\$ 30,752,628	\$ 781,984	\$ 1,949,810	\$ 29,584,802
Accumulated depreciation/amortization:				
Equipment	\$ 5,391,012	\$ 346,258	\$ 754,381	\$ 4,982,889
Lease equipment	21,501	21,501	-	43,002
Building improvement	217,148	4,617	115,783	105,982
Jointly owned assets	15,868,028	455,158	(174,805)	16,497,991
Total accumulated depreciation/amortization	\$ 21,497,689	\$ 827,534	\$ 695,359	\$ 21,629,864
Total capital assets subject to depreciation/amortization, net	\$ 9,254,939	\$ (45,550)	\$ 1,254,451	\$ 7,954,938
Component unit school board capital assets, net	\$ 9,458,076	\$ 362,190	\$ 1,254,451	\$ 8,565,815

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 5—Capital Assets: (Continued)

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

Governmental activities:	
General government administration	\$ 219,970
Judicial administration	260,083
Public safety	498,118
Public works	156,804
Health and welfare	5,373
Education	109,618
Parks, recreation and cultural	114,469
Community development	35,491
	<hr/>
Total Governmental activities	\$ 1,399,926
	<hr/>
Business-type activities	\$ 110,406
	<hr/>
Component Unit School Board	\$ 827,534
	<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, 2023, is that school financed assets in the amount of \$1,224,999 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, 2023

Note 6—Interfund Transfers and Obligations:

Interfund transfers for the year ended June 30, 2023 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ -	\$ 3,261,193
Other governmental funds	80,000	-
County Capital Projects Fund	3,099,093	-
Water and Sewer Fund	82,100	-
	<u> </u>	<u> </u>
Total	<u>\$ 3,261,193</u>	<u>\$ 3,261,193</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, 2023 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Primary Government:		
General Fund	\$ 1,002	\$ -
Other governmental funds	-	1,002
	<u> </u>	<u> </u>
Total	<u>\$ 1,002</u>	<u>\$ 1,002</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, 2023

Note 7—Long Term Obligations:

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

Primary Government:

	Balance at July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences					
(payloadable by General Fund)	\$ 474,294	\$ 232,332	\$ 47,429	\$ 659,197	\$ 65,920
Lease revenue bonds	21,245,000	-	1,395,000	19,850,000	1,430,000
Bond premium	1,291,700	-	193,164	1,098,536	-
Net pension liability					
(payloadable by General Fund)	533,003	2,033,575	1,491,802	1,074,776	-
Net OPEB liabilities					
(payloadable by General Fund)	346,410	288,831	162,834	472,407	-
Landfill postclosure care	791,642	56,207	-	847,849	-
Total incurred by County	\$24,682,049	\$ 2,610,945	\$ 3,290,229	\$24,002,765	\$ 1,495,920
Incurred by School Board:					
General obligation bonds	\$ 1,395,000	\$ -	\$ 170,000	\$ 1,225,000	\$ 180,000
Bond premium	24,388	-	3,484	20,904	-
Total incurred by School Board	\$ 1,419,388	\$ -	\$ 173,484	\$ 1,245,904	\$ 180,000
Total Governmental Activities	\$26,101,437	\$ 2,610,945	\$ 3,463,713	\$25,248,669	\$ 1,675,920
Total Primary Government Obligations	\$26,101,437	\$ 2,610,945	\$ 3,463,713	\$25,248,669	\$ 1,675,920

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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
2024	\$ 1,430,000	\$ 608,872	\$ 180,000	\$ 59,072
2025	1,475,000	562,715	185,000	49,309
2026	1,530,000	513,157	200,000	39,010
2027	1,585,000	461,692	210,000	28,305
2028	1,635,000	408,320	220,000	17,340
2029	1,305,000	359,336	230,000	5,865
2030	1,350,000	315,098	-	-
2031	1,400,000	268,179	-	-
2032	1,445,000	222,582	-	-
2033	1,485,000	181,485	-	-
2034	1,525,000	141,314	-	-
2035	1,570,000	99,265	-	-
2036	845,000	65,066	-	-
2037	405,000	44,034	-	-
2038	425,000	26,916	-	-
2039	440,000	9,075	-	-
Total	<u>\$ 19,850,000</u>	<u>\$ 4,287,106</u>	<u>\$ 1,225,000</u>	<u>\$ 198,901</u>

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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 October 1, 2027, interest payable semi-annually at 4.125%-5.125%.	\$ 1,685,000
\$5,875,000 lease revenue bond issued November 14, 2018, payable in various annual installments through April 1, 2039, interest payable semi-annually at 3.028%-5.125%.	5,115,000
\$14,830,000 lease revenue bond issued November 18, 2020, payable in various annual installments through October 1, 2035, interest payable semi-annually at 0.404%-5.125%.	13,050,000
Total lease revenue bonds	\$ 19,850,000
Bond issuance premium	\$ 1,098,536
Landfill postclosure care (Note 18)	\$ 847,849
Net pension liability (payable by General Fund)	\$ 1,074,776
Net OPEB liabilities (payable by General Fund)	\$ 472,407
Compensated absences (payable by General Fund)	\$ 659,197
Total incurred by County	\$24,002,765
<u>Incurred by School Board:</u>	
<u>General Obligation Bonds:</u>	
\$2,950,000 School Bond issued December 11, 2008 payable in various annual installments through January 15, 2029, interest payable semi-annually ranging from 4.10% to 5.35%.	\$ 1,225,000
Bond issuance premium	\$ 20,904
Total incurred by School Board	\$ 1,245,904
Total Long-Term Obligations, Governmental Activities	\$25,248,669

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2023:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Component Unit-School Board:					
Net pension liability	\$ 6,752,336	\$ 7,117,903	\$ 5,474,120	\$ 8,396,119	\$ -
Net OPEB liabilities	2,217,401	737,727	727,889	2,227,239	-
Lease liabilities	87,487	-	20,720	66,767	21,403
Total Component Unit-School Board	<u>\$ 9,057,224</u>	<u>\$ 7,855,630</u>	<u>\$ 6,222,729</u>	<u>\$ 10,690,125</u>	<u>\$ 21,403</u>

Details of long-term indebtedness:

<u>Incurred by Component Unit - School Board:</u>	<u>Total Amount</u>
<u>Lease equipment:</u>	
\$104,819 copier lease issued July 1, 2021, due in monthly installments of \$1,890 through June 2026, interest at 3.25%.	\$ 65,047
\$2,686 office equipment lease issued July 1, 2021, due in monthly installments of \$48 through August 2026, interest at 3.25%.	1,720
	<u>\$ 66,767</u>

Expected future payments at June 30, 2023 are as follows:

Year Ending June 30,	Lease Liabilities	
	Principal	Interest
2024	\$ 21,403	\$ 1,853
2025	22,109	1,147
2026	23,172	415
2027	83	-
Total	<u>\$ 66,767</u>	<u>\$ 3,415</u>

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 8—Deferred/Unavailable Revenue:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue totaling \$283,105 is comprised of the following:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 439,711
Prepaid property taxes due in December but paid in advance by taxpayers	27,406	27,406
Unavailable revenue representing opioid settlement income that is not available for funding of current expenditures	-	78,195
Total	\$ 27,406	\$ 545,312

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, 2023, 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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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 with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 12—Pension Plans: (Continued)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2021 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	66	78
Inactive members:		
Vested inactive members	11	4
Non-vested inactive members	20	16
Inactive members active elsewhere in VRS	36	11
Total inactive members	67	31
Active members	95	41
Total covered employees	228	150

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, 2023 was 10.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$558,032 and \$549,321 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2023 was 10.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$107,320 and \$110,279 for the years ended June 30, 2023 and June 30, 2022, respectively.

Note 12—Pension Plans: (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. The County’s and Component Unit School Board’s (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Discount Rate (Continued)

alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, 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, 2022 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, 2021	\$ 22,587,162	\$ 22,054,159	\$ 533,003
Changes for the year:			
Service cost	\$ 499,764	\$ -	\$ 499,764
Interest	1,506,421	-	1,506,421
Differences between expected and actual experience	(700,568)	-	(700,568)
Contributions - employer	-	551,061	(551,061)
Contributions - employee	-	239,673	(239,673)
Net investment income	-	(13,561)	13,561
Benefit payments, including refunds			
Refunds of employee contributions	(1,539,146)	(1,539,146)	-
Administrative expenses	-	(13,829)	13,829
Other changes	-	500	(500)
Net changes	\$ (233,529)	\$ (775,302)	\$ 541,773
Balances at June 30, 2022	\$ 22,353,633	\$ 21,278,857	\$ 1,074,776

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability (Continued)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 6,729,965	\$ 6,395,382	\$ 334,583
Changes for the year:			
Service cost	\$ 80,112	\$ -	\$ 80,112
Interest	445,604	-	445,604
Benefit changes			
Assumption changes	-	-	-
Differences between expected and actual experience	(145,178)	-	(145,178)
Contributions - employer	-	119,633	(119,633)
Contributions - employee	-	47,900	(47,900)
Net investment income	-	(4,449)	4,449
Benefit payments, including refunds			
Refunds of employee contributions	(417,076)	(417,076)	-
Administrative expenses	-	(4,013)	4,013
Other changes	-	144	(144)
Net changes	\$ (36,538)	\$ (257,861)	\$ 221,323
Balances at June 30, 2022	\$ 6,693,427	\$ 6,137,521	\$ 555,906

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's			
Net Pension Liability (Asset)	\$ 3,870,217	\$ 1,074,776	\$ (1,221,930)
Component Unit School Board (nonprofessional)'s			
Net Pension Liability (Asset)	\$ 1,307,396	\$ 555,906	\$ (67,491)

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$322,670 and (\$54,287), respectively. At June 30, 2023, 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	\$ 97,564	\$ 544,530	\$ -	\$ 62,219
Change in assumptions	271,826	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	634,322	-	187,125
Employer contributions subsequent to the measurement date	558,032	-	107,320	-
Total	<u>\$ 927,422</u>	<u>\$ 1,178,852</u>	<u>\$ 107,320</u>	<u>\$ 249,344</u>

\$558,032 and \$107,320 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, 2024. 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)
2024	\$ (188,266)	\$ (133,286)
2025	(448,005)	(75,303)
2026	(468,491)	(126,271)
2027	295,300	85,516
2028	-	-
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$1,266,640 and \$1,265,534 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$7,840,213 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.08235% as compared to 0.08267% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension expense of (\$49,979). 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. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2023, 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 \$	-	\$ 540,614
Change in assumptions	739,174	-
Net difference between projected and actual earnings on pension plan investments	-	1,022,200
Changes in proportion and differences between employer contributions and proportionate share of contributions	186	886,239
Employer contributions subsequent to the measurement date	<u>1,266,640</u>	<u>-</u>
Total	\$ <u>2,006,000</u>	\$ <u>2,449,053</u>

\$1,266,640 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, 2024. 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>	
2024	\$ (688,095)
2025	(683,156)
2026	(793,429)
2027	454,987
2028	-
Thereafter	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	54,732,329
Plan Fiduciary Net Position		45,211,731
Employers' Net Pension Liability (Asset)	\$	<u>9,520,598</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.61%

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

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

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	14,003,221 \$	7,840,213 \$	2,822,170

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 927,422	\$ 1,178,852	\$ 1,074,776	\$ 322,670	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	107,320	249,344	555,906	(54,287)
School Board Professional	-	-	-	-	2,006,000	2,449,053	7,840,213	(49,979)
Totals	<u>\$ 927,422</u>	<u>\$ 1,178,852</u>	<u>\$ 1,074,776</u>	<u>\$ 322,670</u>	<u>\$ 2,113,320</u>	<u>\$ 2,698,397</u>	<u>\$ 8,396,119</u>	<u>\$ (104,266)</u>

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

Plan Description

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

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

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

Eligible Employees

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$29,611 and \$27,047 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$42,964 and \$41,118 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$5,871 and \$5,619 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

At June 30, 2023, the County reported a liability of \$277,303 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$421,434 and \$57,556, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County's proportion was 0.02300% as compared to 0.02210% at June 30, 2021. At June 30, 2022, the Component Unit School Board professional and nonprofessional groups' proportion was 0.03500% and 0.00480%, respectively as compared to 0.03530% and 0.00470%, respectively at June 30, 2021.

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$12,910. For the year ended June 30, 2023, the Component Unit School Board professional group recognized GLI OPEB expense of (\$5,652). For the year ended June 30, 2023, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,205. 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, 2023, 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	\$ 21,959	\$ 11,125	\$ 33,372	\$ 16,907	\$ 4,558	\$ 2,309
Net difference between projected and actual earnings on GLI OPEB plan investments	-	17,327	-	26,333	-	3,596
Change in assumptions	10,343	27,010	15,719	41,049	2,147	5,606
Changes in proportionate share	16,965	4,368	-	56,012	1,297	3,481
Employer contributions subsequent to the measurement date	29,611	-	42,964	-	5,871	-
Total	\$ 78,878	\$ 59,830	\$ 92,055	\$ 140,301	\$ 13,873	\$ 14,992

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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)

\$29,611, \$42,964, and \$5,871, 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2024	\$ (1,426)	\$ (26,497)	\$ (1,642)
2025	(1,798)	(24,568)	(1,614)
2026	(11,095)	(34,534)	(3,346)
2027	3,671	(1,838)	(77)
2028	85	(3,773)	(311)
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, 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, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 403,509	\$ 277,303	\$ 175,312
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 613,235	\$ 421,434	\$ 266,432
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 83,750	\$ 57,556	\$ 36,387

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

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

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>36</u>
Total inactive members	<u>36</u>
Active members	<u>41</u>
Total covered employees	<u><u>77</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2023 was 1.44% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$15,483 and \$12,480 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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COUNTY OF SURRY, VIRGINIA**Notes to Financial Statements (Continued)**
As of June 30, 2023**Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Actuarial Assumptions (Continued)****Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)**

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 190,410	\$ 13,020	\$ 177,390
Changes for the year:			
Service cost	\$ 1,140	\$ -	\$ 1,140
Interest	12,718	-	12,718
Differences between expected and actual experience	(19,924)	-	(19,924)
Assumption changes	18,903	-	18,903
Contributions - employer	-	12,480	(12,480)
Net investment income	-	(135)	135
Benefit payments	(6,275)	(6,275)	-
Administrative expenses	-	(35)	35
Other changes	-	471	(471)
Net changes	\$ 6,562	\$ 6,506	\$ 56
Balances at June 30, 2022	\$ 196,972	\$ 19,526	\$ 177,446

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2023

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's			
Net HIC OPEB Liability \$	194,761	\$ 177,446	\$ 162,531

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

For the year ended June 30, 2023, the School Board recognized HIC Plan OPEB expense of \$13,640. At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,678
Net difference between projected and actual earnings on HIC OPEB plan investments	400	-
Change in assumptions	15,282	-
Employer contributions subsequent to the measurement date	15,483	-
Total	\$ 31,165	\$ 13,678

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

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

\$15,483 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ 1,321
2025	446
2026	(9)
2027	246
2028	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$95,866 and \$92,136 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2023

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

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

At June 30, 2023, the school division reported a liability of \$1,020,471 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, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was 0.08170% as compared to 0.08235% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC OPEB expense of \$48,028. 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 proportionate share and differences between actual and expected contributions.

At June 30, 2023, 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	\$ -	\$ 41,596
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,024
Change in assumptions	29,813	2,606
Change in proportionate share and differences between actual and expected contributions	1	134,196
Employer contributions subsequent to the measurement date	95,866	-
Total	\$ 125,680	\$ 179,422

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

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

\$95,866 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (36,640)
2025	(35,754)
2026	(33,464)
2027	(24,151)
2028	(13,916)
Thereafter	(5,683)

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, 2021, 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, 2022.

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

Mortality Rates - Teachers

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)

As of June 30, 2023

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,470,891
Plan Fiduciary Net Position		221,845
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		15.08%

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

Discount Rate (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,150,083	\$ 1,020,471	\$ 910,603

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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

County and School Board

Plan Description

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

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

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

County and School Board: (Continued)

Benefits Provided

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

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

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	93	183
Total retirees with coverage	1	4
Total	94	187

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, 2023 was \$10,091 and \$26,308.

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2023.

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

County and School Board: (Continued)

Actuarial Assumptions

The County’s total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.35% decreasing to 3.50%
Discount Rate	3.65% based on Bond Buyer 20-Year Bond GO Index

The School Board’s total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.35% decreasing to 3.50%
Discount Rate	3.65% based on Bond Buyer 20-Year Bond GO Index

Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2022; 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 2022; 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 2022; 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 2.06% as of the end of June 30, 2023 with the expectation that the County and School Board will continue paying the pay-as-you-go cost.

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

County and School Board: (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$	89,106	\$ 517,282
Changes for the year:			
Service cost		16,883	30,918
Interest		3,575	18,944
Effect of economic/demographic gains or losses		102,103	(67,723)
Changes in assumptions		(6,472)	77,219
Benefit payments		(10,091)	(26,308)
Net changes	\$	105,998	\$ 33,050
Balances at June 30, 2023	\$	195,104	\$ 550,332

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

				Rate	
		1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)	
Primary Government:					
Total OPEB liability	\$	210,890	\$ 195,104	\$	179,985
Component Unit School Board:					
Total OPEB liability	\$	590,569	\$ 550,332	\$	511,520

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

County and School Board: (Continued)

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

The following presents the total OPEB liability of the County, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.20% decreasing to 2.90%) or one percentage point higher (5.20% decreasing to 4.9%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.20% decreasing to 2.90%)	Healthcare Cost Trend (4.20% decreasing to 3.90%)	1% Increase (5.20% decreasing to 4.90%)
Primary Government:			
Total OPEB liability	\$ 167,207	\$ 195,104	\$ 228,484

The following presents the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.20% decreasing to 2.90%) or one percentage point higher (5.20% decreasing to 4.90%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (3.20% decreasing to 2.90%)	Healthcare Cost Trend (4.20% decreasing to 3.90%)	1% Increase (5.20% decreasing to 4.90%)
Component Unit School Board:			
Total OPEB liability	\$ 483,364	\$ 550,332	\$ 628,664

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COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued)
As of June 30, 2023

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

County and School Board: (Continued)

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

For the year ended June 30, 2023, the County and the School Board recognized OPEB expense in the amount of \$32,122 and \$39,394. At June 30, 2023, 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	\$ 79,907	\$ 2,497	\$ -	\$ 78,249
Changes in assumptions	805	6,107	83,344	25,814
Total	<u>\$ 80,712</u>	<u>\$ 8,604</u>	<u>\$ 83,344</u>	<u>\$ 104,063</u>

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

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

Year Ended June 30	Primary Government	Component Unit School Board
2023	\$ 18,055	\$ (10,608)
2024	20,789	(10,942)
2025	20,789	(1,881)
2026	12,475	1,696
2027	-	1,016
Thereafter	-	-

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

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

Note 17 - Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

Aggregate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 78,878	\$ 59,830	\$ 277,303	\$ 12,910	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	13,873	14,992	57,556	1,205
School Board Professional	-	-	-	-	92,055	140,301	421,434	(5,652)
Health Insurance Credit Program (Note 14):								
School Board Nonprofessional	-	-	-	-	31,165	13,678	177,446	13,640
Teacher Health Insurance Credit Program (Note 15)	-	-	-	-	125,680	179,422	1,020,471	48,028
County Stand-Alone Plan (Note 16)	80,712	8,604	195,104	32,122	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	83,344	104,063	550,332	39,394
Totals	\$ 159,590	\$ 68,434	\$ 472,407	\$ 45,032	\$ 346,117	\$ 452,456	\$ 2,227,239	\$ 96,615

Note 18—Surety Bonds:

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

Note 19—Landfill Closure and Postclosure Care Cost:

The \$847,849 reported as landfill postclosure liability at June 30, 2023, represents the estimated liability for postclosure monitoring. This amount is based on what it would cost to perform all postclosure care in 2023 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, 2023, 100% of the landfill's total capacity has been used. The landfill was closed and capped in 1998.

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

Note 20—Unearned Grants:

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recover Fund (CSLFRF). As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024 and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,127,044 are reported as unearned revenue as of June 30.

COUNTY OF SURRY, VIRGINIA

Notes to Financial Statements (Continued) As of June 30, 2023

Note 21 - 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, 2023 was \$9,240.

Note 22—Upcoming Pronouncements:

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

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

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

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

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

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

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, 2023

	<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	\$ 25,764,604	\$ 25,764,604	\$ 26,112,350	\$ 347,746
Other local taxes	929,000	929,000	1,701,749	772,749
Permits, privilege fees, and regulatory licenses	82,000	82,000	482,391	400,391
Fines and forfeitures	35,000	35,000	51,006	16,006
Revenue from the use of money and property	229,726	229,726	576,921	347,195
Charges for services	222,450	222,450	199,025	(23,425)
Miscellaneous	106,737	106,737	404,639	297,902
Recovered costs	176,795	176,795	155,742	(21,053)
Intergovernmental:				
Commonwealth	3,207,526	3,237,526	2,933,368	(304,158)
Federal	921,431	1,118,431	1,206,052	87,621
Total revenues	<u>\$ 31,675,269</u>	<u>\$ 31,902,269</u>	<u>\$ 33,823,243</u>	<u>\$ 1,920,974</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,295,713	\$ 3,420,908	\$ 3,205,228	\$ 215,680
Judicial administration	825,135	836,694	779,714	56,980
Public safety	4,434,026	4,799,961	4,229,664	570,297
Public works	1,796,901	1,699,215	1,613,048	86,167
Health and welfare	3,359,231	3,420,384	3,043,022	377,362
Education	12,859,091	13,063,541	12,864,200	199,341
Parks, recreation, and cultural	651,691	663,184	538,986	124,198
Community development	1,048,723	1,100,273	922,539	177,734
Debt service:				
Principal retirement	1,565,000	1,565,000	1,565,000	-
Interest and other fiscal charges	743,506	743,506	720,505	23,001
Total expenditures	<u>\$ 30,729,017</u>	<u>\$ 31,462,666</u>	<u>\$ 29,481,906</u>	<u>\$ 1,980,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 946,252</u>	<u>\$ 439,603</u>	<u>\$ 4,341,337</u>	<u>\$ 3,901,734</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (946,252)	\$ (3,261,193)	\$ (3,261,193)	\$ -
Net change in fund balances	\$ -	\$ (2,821,590)	\$ 1,080,144	\$ 3,901,734
Fund balances - beginning	-	2,821,590	19,390,818	16,569,228
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,470,962</u>	<u>\$ 20,470,962</u>

County of Surry, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 499,764	\$ 514,410	\$ 512,614
Interest	1,506,421	1,402,289	1,317,296
Differences between expected and actual experience	(700,568)	(175,068)	720,316
Changes of assumptions	-	740,492	-
Benefit payments	(1,539,146)	(1,339,233)	(1,242,904)
Net change in total pension liability	\$ (233,529)	\$ 1,142,890	\$ 1,307,322
Total pension liability - beginning	22,587,162	21,444,272	20,136,950
Total pension liability - ending (a)	\$ 22,353,633	\$ 22,587,162	\$ 21,444,272
Plan fiduciary net position			
Contributions - employer	\$ 551,061	\$ 500,868	\$ 354,709
Contributions - employee	239,673	227,268	225,025
Net investment income	(13,561)	4,805,959	343,387
Benefit payments	(1,539,146)	(1,339,233)	(1,242,904)
Administrator charges	(13,829)	(12,195)	(12,011)
Other	500	453	(403)
Net change in plan fiduciary net position	\$ (775,302)	\$ 4,183,120	\$ (332,197)
Plan fiduciary net position - beginning	22,054,159	17,871,039	18,203,236
Plan fiduciary net position - ending (b)	\$ 21,278,857	\$ 22,054,159	\$ 17,871,039
County's net pension liability - ending (a) - (b)	\$ 1,074,776	\$ 533,003	\$ 3,573,233
Plan fiduciary net position as a percentage of the total pension liability	95.19%	97.64%	83.34%
Covered payroll	\$ 5,008,676	\$ 4,562,873	\$ 4,623,636
County's net pension liability as a percentage of covered payroll	21.46%	11.68%	77.28%

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

2019	2018	2017	2016	2015	2014
\$ 446,163	\$ 434,320	\$ 434,734	\$ 417,603	\$ 411,340	\$ 391,145
1,286,442	1,220,918	1,170,206	1,139,509	1,132,119	1,071,965
108,825	413,745	124,012	(23,768)	(553,229)	-
557,716	-	29,310	-	-	-
(1,279,883)	(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
\$ 1,119,263	\$ 1,083,021	\$ 676,605	\$ 425,369	\$ 328,890	\$ 916,925
19,017,687	17,934,666	17,258,061	16,832,692	16,503,802	15,586,877
<u>\$ 20,136,950</u>	<u>\$ 19,017,687</u>	<u>\$ 17,934,666</u>	<u>\$ 17,258,061</u>	<u>\$ 16,832,692</u>	<u>\$ 16,503,802</u>
\$ 337,827	\$ 273,087	\$ 272,074	\$ 361,721	\$ 362,868	\$ 382,061
315,066	207,895	219,825	189,642	191,927	181,266
1,156,309	1,241,488	1,883,572	263,004	703,835	2,102,412
(1,279,883)	(985,962)	(1,081,657)	(1,107,975)	(661,340)	(546,185)
(11,909)	(10,908)	(11,235)	(10,178)	(9,603)	(11,194)
(727)	(1,098)	(1,658)	(115)	(147)	110
\$ 516,683	\$ 724,502	\$ 1,280,921	\$ (303,901)	\$ 587,540	\$ 2,108,470
17,686,553	16,962,051	15,681,130	15,985,031	15,397,491	13,289,021
<u>\$ 18,203,236</u>	<u>\$ 17,686,553</u>	<u>\$ 16,962,051</u>	<u>\$ 15,681,130</u>	<u>\$ 15,985,031</u>	<u>\$ 15,397,491</u>
\$ 1,933,714	\$ 1,331,134	\$ 972,615	\$ 1,576,931	\$ 847,661	\$ 1,106,311
90.40%	93.00%	94.58%	90.86%	94.96%	93.30%
\$ 4,269,888	\$ 4,160,375	\$ 4,037,279	\$ 3,876,167	\$ 3,902,373	\$ 3,608,554
45.29%	32.00%	24.09%	40.68%	21.72%	30.66%

County of Surry, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 80,112	\$ 91,901	\$ 86,517
Interest	445,604	426,687	411,302
Differences between expected and actual experience	(145,178)	(153,021)	140,842
Changes of assumptions	-	244,763	-
Benefit payments	(417,076)	(403,321)	(418,145)
Net change in total pension liability	\$ (36,538)	\$ 207,009	\$ 220,516
Total pension liability - beginning	6,729,965	6,522,956	6,302,440
Total pension liability - ending (a)	\$ 6,693,427	\$ 6,729,965	\$ 6,522,956
Plan fiduciary net position			
Contributions - employer	\$ 119,633	\$ 101,745	\$ 100,999
Contributions - employee	47,900	44,284	45,828
Net investment income	(4,449)	1,404,626	102,030
Benefit payments	(417,076)	(403,321)	(418,145)
Administrator charges	(4,013)	(3,645)	(3,631)
Other	144	131	(118)
Net change in plan fiduciary net position	\$ (257,861)	\$ 1,143,820	\$ (173,037)
Plan fiduciary net position - beginning	6,395,382	5,251,562	5,424,599
Plan fiduciary net position - ending (b)	\$ 6,137,521	\$ 6,395,382	\$ 5,251,562
School Division's net pension liability - ending (a) - (b)	\$ 555,906	\$ 334,583	\$ 1,271,394
Plan fiduciary net position as a percentage of the total pension liability	91.69%	95.03%	80.51%
Covered payroll	\$ 1,022,911	\$ 958,513	\$ 996,677
School Division's net pension liability as a percentage of covered payroll	54.35%	34.91%	127.56%

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

Exhibit 14

2019	2018	2017	2016	2015	2014
\$ 88,702	\$ 86,110	\$ 99,250	\$ 101,589	\$ 104,105	\$ 103,206
420,410	404,448	401,621	407,137	400,493	390,886
(140,755)	171,557	(44,242)	(175,816)	(4,521)	-
155,642	-	(3,930)	-	-	-
(454,841)	(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
\$ 69,158	\$ 248,793	\$ 41,393	\$ (79,216)	\$ 101,887	\$ 178,573
6,233,282	5,984,489	5,943,096	6,022,312	5,920,425	5,741,852
<u>\$ 6,302,440</u>	<u>\$ 6,233,282</u>	<u>\$ 5,984,489</u>	<u>\$ 5,943,096</u>	<u>\$ 6,022,312</u>	<u>\$ 5,920,425</u>
\$ 98,289	\$ 95,668	\$ 96,895	\$ 118,759	\$ 120,248	\$ 114,008
72,395	44,917	45,755	46,721	47,557	49,896
344,493	381,041	587,284	82,954	228,563	708,437
(454,841)	(413,322)	(411,306)	(412,126)	(398,190)	(315,519)
(3,598)	(3,443)	(3,581)	(3,252)	(3,306)	(3,912)
(217)	(333)	(514)	(36)	(49)	37
\$ 56,521	\$ 104,528	\$ 314,533	\$ (166,980)	\$ (5,177)	\$ 552,947
5,368,078	5,263,550	4,949,017	5,115,997	5,121,174	4,568,227
<u>\$ 5,424,599</u>	<u>\$ 5,368,078</u>	<u>\$ 5,263,550</u>	<u>\$ 4,949,017</u>	<u>\$ 5,115,997</u>	<u>\$ 5,121,174</u>
\$ 877,841	\$ 865,204	\$ 720,939	\$ 994,079	\$ 906,315	\$ 799,251
86.07%	86.12%	87.95%	83.27%	84.95%	86.50%
\$ 961,628	\$ 960,932	\$ 960,463	\$ 960,773	\$ 962,804	\$ 997,905
91.29%	90.04%	75.06%	103.47%	94.13%	80.09%

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, 2022

Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
(1)	(2)	(3)	(4)	(5)	(6)
2022	0.08235%	\$ 7,840,213	\$ 7,614,524	102.96%	82.61%
2021	0.08267%	6,417,753	7,282,875	88.12%	85.46%
2020	0.08510%	12,379,919	7,422,403	166.79%	71.47%
2019	0.09342%	12,294,603	7,795,885	157.71%	73.51%
2018	0.09847%	11,580,000	7,942,962	145.79%	74.81%
2017	0.10080%	12,396,000	7,902,638	156.86%	72.92%
2016	0.10077%	14,122,000	7,683,184	183.80%	68.28%
2015	0.10636%	13,387,000	7,907,861	169.29%	70.68%
2014	0.10898%	13,170,000	7,969,660	165.25%	70.88%

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.

County of Surry, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2013 through June 30, 2023

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2023	\$ 558,032	\$ 558,032	\$ -	\$ 5,483,610	10.18%
2022	549,321	549,321	-	5,008,676	10.97%
2021	500,868	500,868	-	4,562,873	10.98%
2020	355,419	355,419	-	4,623,636	7.69%
2019	337,826	337,826	-	4,269,888	7.91%
2018	273,088	273,088	-	4,160,375	6.56%
2017	280,187	280,187	-	4,037,279	6.94%
2016	365,523	365,523	-	3,876,167	9.43%
2015	367,994	367,994	-	3,902,373	9.43%
2014	381,785	381,785	-	3,608,554	10.58%
Component Unit School Board (nonprofessional)					
2023	\$ 107,320	\$ 107,320	\$ -	\$ 1,075,193	9.98%
2022	110,279	110,279	-	1,022,911	10.78%
2021	101,745	101,745	-	958,513	10.61%
2020	101,162	101,162	-	996,677	10.15%
2019	98,289	98,289	-	961,628	10.22%
2018	96,055	96,055	-	960,932	10.00%
2017	100,849	100,849	-	960,463	10.50%
2016	120,577	120,577	-	960,773	12.55%
2015	120,832	120,832	-	962,804	12.55%
2014	113,661	113,661	-	997,905	11.39%
Component Unit School Board (professional)					
2023	\$ 1,266,640	\$ 1,266,640	\$ -	\$ 7,922,783	15.99%
2022	1,265,534	1,265,534	-	7,614,524	16.62%
2021	1,169,580	1,169,580	-	7,282,875	16.06%
2020	1,130,433	1,130,433	-	7,422,403	15.23%
2019	1,238,666	1,238,666	-	7,795,885	15.89%
2018	1,298,516	1,298,516	-	7,942,962	16.35%
2017	1,159,872	1,159,872	-	7,902,638	14.68%
2016	1,098,107	1,098,107	-	7,683,184	14.29%
2015	1,146,640	1,146,640	-	7,907,861	14.50%
2014	927,170	927,170	-	7,969,660	11.63%

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

County of Surry, Virginia
Notes to Required Supplementary Information - Pension Plans
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

Component Unit School Board - Professional Employees:

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

County of Surry, Virginia
Schedule of County's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2022

Exhibit 18

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2022	0.02300% \$	277,303	\$ 5,008,676	5.54%	67.21%
2021	0.02210%	257,304	4,562,873	5.64%	67.45%
2020	0.02250%	375,154	4,623,636	8.11%	52.64%
2019	0.02178%	354,419	4,269,888	8.30%	52.00%
2018	0.02188%	332,000	4,160,375	7.98%	51.22%
2017	0.02195%	330,000	4,048,531	8.15%	48.86%
Component Unit School Board (professional):					
2022	0.03500% \$	421,343	\$ 7,614,524	5.53%	67.21%
2021	0.03530%	410,639	7,282,875	5.64%	67.45%
2020	0.03620%	603,952	7,448,568	8.11%	52.64%
2019	0.03977%	647,164	7,795,885	8.30%	52.00%
2018	0.04177%	635,000	7,942,962	7.99%	51.22%
2017	0.04285%	645,000	7,902,638	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2022	0.00480% \$	57,556	\$ 1,040,489	5.53%	67.21%
2021	0.00470%	55,070	976,691	5.64%	67.45%
2020	0.00500%	83,442	1,028,265	8.11%	52.64%
2019	0.00491%	79,899	961,628	8.31%	52.00%
2018	0.00505%	76,000	960,932	7.91%	51.22%
2017	0.00521%	78,000	960,463	8.12%	48.86%

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

County of Surry, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2014 through June 30, 2023

Exhibit 19

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2023	\$ 29,611	\$ 29,611	- \$	5,483,610	0.54%
2022	27,047	27,047	-	5,008,676	0.54%
2021	24,640	24,640	-	4,562,873	0.54%
2020	24,059	24,059	-	4,623,636	0.52%
2019	22,203	22,203	-	4,269,888	0.52%
2018	21,634	21,634	-	4,160,375	0.52%
2017	21,052	21,052	-	4,048,531	0.52%
2016	18,606	18,606	-	3,876,167	0.48%
2015	18,768	18,768	-	3,910,006	0.48%
2014	17,321	17,321	-	3,608,554	0.48%
Component Unit School Board (professional):					
2023	\$ 42,964	\$ 42,964	- \$	7,956,215	0.54%
2022	41,118	41,118	-	7,614,524	0.54%
2021	39,328	39,328	-	7,282,875	0.54%
2020	38,733	38,733	-	7,448,568	0.52%
2019	40,539	40,539	-	7,795,885	0.52%
2018	41,303	41,303	-	7,942,962	0.52%
2017	41,094	41,094	-	7,902,638	0.52%
2016	36,879	36,879	-	7,683,184	0.48%
2015	37,958	37,958	-	7,907,861	0.48%
2014	38,321	38,321	-	7,983,511	0.48%
Component Unit School Board (nonprofessional):					
2023	\$ 5,871	\$ 5,871	- \$	1,087,222	0.54%
2022	5,619	5,619	-	1,040,489	0.54%
2021	5,274	5,274	-	976,691	0.54%
2020	5,347	5,347	-	1,028,265	0.52%
2019	5,000	5,000	-	961,628	0.52%
2018	4,997	4,997	-	960,932	0.52%
2017	4,994	4,994	-	960,463	0.52%
2016	4,612	4,612	-	960,773	0.48%
2015	4,621	4,621	-	962,804	0.48%
2014	4,809	4,809	-	1,001,916	0.48%

County of Surry, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

County of Surry, Virginia
Schedule of Changes in the Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
School Board Component Unit (nonprofessional)
For the Measurement Dates of June 30, 2020 through June 30, 2022

	2022	2021	2020
Total HIC OPEB Liability			
Service cost	\$ 1,140	\$ 1,503	\$ -
Interest	12,718	11,598	-
Changes in benefit terms	-	-	171,824
Differences between expected and actual experience	(19,924)	-	-
Changes of assumptions	18,903	5,485	-
Benefit payments	(6,275)	-	-
Net change in total HIC OPEB liability	\$ 6,562	\$ 18,586	\$ 171,824
Total HIC OPEB Liability - beginning	190,410	171,824	-
Total HIC OPEB Liability - ending (a)	\$ 196,972	\$ 190,410	\$ 171,824
Plan fiduciary net position			
Contributions - employer	\$ 12,480	\$ 11,694	\$ -
Net investment income	(135)	1,377	-
Benefit payments	(6,275)	-	-
Administrator charges	(35)	(51)	-
Other	471	-	-
Net change in plan fiduciary net position	\$ 6,506	\$ 13,020	\$ -
Plan fiduciary net position - beginning	13,020	-	-
Plan fiduciary net position - ending (b)	\$ 19,526	\$ 13,020	\$ -
School Board Component Unit (nonprofessional) net HIC OPEB liability - ending (a) - (b)	\$ 177,446	\$ 177,390	\$ 171,824
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.91%	6.84%	0.00%
Covered payroll	\$ 1,022,911	\$ 958,513	\$ -
School Board Component Unit (nonprofessional) net HIC OPEB liability as a percentage of covered payroll	17.35%	18.51%	0.00%

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

County of Surry, Virginia
 Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 School Board Component Unit (nonprofessional)
 For the Years Ended June 30, 2021 through June 30, 2023

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2023	\$ 15,483	\$ 15,483	\$ -	\$ 1,075,193	1.44%
2022	12,480	12,480	-	1,022,911	1.22%
2021	11,694	11,694	-	958,513	1.22%

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

County of Surry, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
School Board Component Unit (nonprofessional)
For the Year Ended June 30, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

Schedule of School Board's Share of Net OPEB Liability

Teacher Employee Health Insurance Credit (HIC) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2022

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)
2022	0.08170% \$	1,020,471 \$	7,614,524	13.40%	15.08%
2021	0.08235%	1,057,020	7,282,875	14.51%	13.15%
2020	0.08470%	1,104,534	7,422,403	14.88%	9.95%
2019	0.09294%	1,216,675	7,795,885	15.61%	8.97%
2018	0.09821%	1,247,000	7,942,962	15.70%	8.08%
2017	0.10013%	1,270,000	7,902,638	16.07%	7.04%

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

County of Surry, Virginia
Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Exhibit 25

Date	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)
2023	\$ 95,866	\$ 95,866	\$ -	\$ 7,922,783	1.21%
2022	92,136	92,136	-	7,614,524	1.21%
2021	88,123	88,123	-	7,282,875	1.21%
2020	89,069	89,069	-	7,422,403	1.20%
2019	93,551	93,551	-	7,795,885	1.20%
2018	97,698	97,698	-	7,942,962	1.23%
2017	87,719	87,719	-	7,902,638	1.11%
2016	81,442	81,442	-	7,683,184	1.06%
2015	83,823	83,823	-	7,907,861	1.06%
2014	88,463	88,463	-	7,969,660	1.11%

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

County of Surry, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2023

	2023	2022
Total OPEB liability		
Service cost	\$ 16,883	\$ 14,374
Interest	3,575	2,185
Economic/demographic gains or losses	102,103	-
Changes in assumptions	(6,472)	(7,988)
Benefit payments	(10,091)	(12,465)
Net change in total OPEB liability	\$ 105,998	\$ (3,894)
Total OPEB liability - beginning	89,106	93,000
Total OPEB liability - ending	\$ 195,104	\$ 89,106
 Covered-employee payroll	 \$ 4,806,369	 \$ 4,585,039
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 4.06%	 1.94%

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.

Exhibit 27

<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>	
\$	13,859	\$	8,719	\$	8,873	\$	9,121
	2,196		4,356		4,840		4,495
	-		(35,801)		-		-
	239		11,190		3,247		(3,020)
	(17,498)		(19,835)		(14,993)		(12,465)
\$	(1,204)	\$	(31,371)	\$	1,967	\$	(1,869)
	94,204		125,575		123,608		125,477
\$	<u>93,000</u>	\$	<u>94,204</u>	\$	<u>125,575</u>	\$	<u>123,608</u>
\$	4,585,039	\$	4,585,039	\$	4,125,259	\$	4,125,259
	2.03%		2.05%		3.04%		3.00%

County of Surry, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2018 through June 30, 2023

	2023	2022
Total OPEB liability		
Service cost	\$ 30,918	\$ 41,849
Interest	18,944	12,379
Economic/demographic gains or losses	(67,723)	-
Changes in assumptions	77,219	(45,159)
Benefit payments	(26,308)	(45,886)
Net change in total OPEB liability	\$ 33,050	\$ (36,817)
Total OPEB liability - beginning	517,282	554,099
Total OPEB liability - ending	\$ 550,332	\$ 517,282
 Covered-employee payroll	 \$ 8,470,032	 \$ 7,912,542
 School Board's total OPEB liability (asset) as a percentage of covered-employee payroll	 6.50%	 6.54%

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.

Exhibit 28

	2021	2020	2019	2018
\$	40,323	\$ 26,326	\$ 25,610	\$ 26,477
	12,508	20,049	21,784	20,569
	-	(63,747)	-	-
	1,531	48,680	16,233	(15,903)
	(51,511)	(52,680)	(56,263)	(53,761)
\$	<u>2,851</u>	\$ <u>(21,372)</u>	\$ 7,364	\$ <u>(22,618)</u>
	551,248	572,620	565,256	587,874
\$	<u><u>554,099</u></u>	\$ <u><u>551,248</u></u>	\$ <u><u>572,620</u></u>	\$ <u><u>565,256</u></u>
\$	7,912,542	\$ 7,912,542	\$ 8,596,400	\$ 8,596,400
	7.00%	6.97%	6.66%	6.58%

Notes to Required Supplementary Information - Primary Government OPEB

For the Year Ended June 30, 2023

Valuation Date: 1/1/2022

Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.20% in 2022, then gradually declines to 3.90% in 2073 and later
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, 2023

Valuation Date: 1/1/2022

Measurement Date: 6/30/2023

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal, level percentage of pay
Discount Rate	3.65% based on Bond Buyer 20-Year Bond GO Index
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 4.20% in 2022, then gradually declines to 3.90% in 2073 and later
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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 473,290	\$ 473,290
Miscellaneous	448,230	448,230	-	(448,230)
Total revenues	\$ 448,230	\$ 448,230	\$ 473,290	\$ 25,060
EXPENDITURES				
Capital projects	\$ 7,241,395	\$ 18,002,004	\$ 2,399,276	\$ 15,602,728
Total expenditures	\$ 7,241,395	\$ 18,002,004	\$ 2,399,276	\$ 15,602,728
Excess (deficiency) of revenues over (under) expenditures	\$ (6,793,165)	\$ (17,553,774)	\$ (1,925,986)	\$ 15,627,788
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 784,152	\$ 3,099,093	\$ 3,099,093	\$ -
Issuance of lease revenue bonds	2,779,013	1,828,665	-	(1,828,665)
Total other financing sources (uses)	\$ 3,563,165	\$ 4,927,758	\$ 3,099,093	\$ (1,828,665)
Net change in fund balances	\$ (3,230,000)	\$ (12,626,016)	\$ 1,173,107	\$ 13,799,123
Fund balances - beginning	-	9,396,016	5,722,291	(3,673,725)
Fund balances - ending	\$ (3,230,000)	\$ (3,230,000)	\$ 6,895,398	\$ 10,125,398

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ 30	\$ 30	\$ 600,036	\$ 600,006
Miscellaneous	11,700	191,200	279,500	88,300
Intergovernmental:				
Commonwealth	-	-	444	444
Total revenues	\$ 11,730	\$ 191,230	\$ 879,980	\$ 688,750
EXPENDITURES				
Current:				
Public safety	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community development	91,730	271,230	106,787	164,443
Total expenditures	\$ 116,730	\$ 296,230	\$ 106,787	\$ 189,443
Excess (deficiency) of revenues over (under) expenditures	\$ (105,000)	\$ (105,000)	\$ 773,193	\$ 878,193
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Total other financing sources (uses)	\$ 80,000	\$ 80,000	\$ 80,000	\$ -
Net change in fund balances	\$ (25,000)	\$ (25,000)	\$ 853,193	\$ 878,193
Fund balances - beginning	25,000	25,000	118,660	93,660
Fund balances - ending	\$ -	\$ -	\$ 971,853	\$ 971,853

County of Surry, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds			
	Special <u>Welfare</u>	Crater <u>AAA</u>	Emergency Food and <u>Shelter</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 67,760	\$ 224,651	\$ 141	\$ 292,552
Total assets	<u>\$ 67,760</u>	<u>\$ 224,651</u>	<u>\$ 141</u>	<u>\$ 292,552</u>
NET POSITION				
Restricted for:				
Special welfare	\$ 67,760	\$ -	\$ -	\$ 67,760
Other governments	-	224,651	141	224,792
Total net position	<u>\$ 67,760</u>	<u>\$ 224,651</u>	<u>\$ 141</u>	<u>\$ 292,552</u>

County of Surry, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds			<u>Total</u>
	<u>Special Welfare</u>	<u>Crater AAA</u>	<u>Emergency Food and Shelter</u>	
ADDITIONS				
Contributions:				
Donations	\$ (4,236)	\$ 57,510	\$ -	\$ 53,274
Investment earnings:				
Interest and dividends	39	-	-	39
Total additions	<u>\$ (4,197)</u>	<u>\$ 57,510</u>	<u>\$ -</u>	<u>\$ 53,313</u>
DEDUCTIONS				
Purchases for supplies	\$ 3,404	\$ -	\$ -	\$ 3,404
Total deductions	<u>\$ 3,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,404</u>
Net increase (decrease) in fiduciary net position	\$ (7,601)	\$ 57,510	\$ -	\$ 49,909
Net position, beginning	75,361	167,141	141	242,643
Net position, ending	<u>\$ 67,760</u>	<u>\$ 224,651</u>	<u>\$ 141</u>	<u>\$ 292,552</u>

*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, 2023

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	School Activity <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,482,738	\$ -	\$ 69,107	\$ 3,551,845
Due from other governmental units	934,088	80,872	-	1,014,960
Total assets	<u>\$ 4,416,826</u>	<u>\$ 80,872</u>	<u>\$ 69,107</u>	<u>\$ 4,566,805</u>
LIABILITIES				
Accounts payable	\$ 248,708	\$ 89	\$ -	\$ 248,797
Accrued liabilities	1,313,499	44,882	-	1,358,381
Reconciled overdraft payable	-	60,233	-	60,233
Due to other governmental units	1,805,829	-	-	1,805,829
Total liabilities	<u>\$ 3,368,036</u>	<u>\$ 105,204</u>	<u>\$ -</u>	<u>\$ 3,473,240</u>
FUND BALANCES				
Reserved	\$ 1,048,790	\$ -	\$ -	\$ 1,048,790
Committed:				
School Activity Fund	-	-	69,107	69,107
Unassigned	-	(24,332)	-	(24,332)
Total fund balances (deficits)	<u>\$ 1,048,790</u>	<u>\$ (24,332)</u>	<u>\$ 69,107</u>	<u>\$ 1,093,565</u>
Total liabilities and fund balances	<u>\$ 4,416,826</u>	<u>\$ 80,872</u>	<u>\$ 69,107</u>	<u>\$ 4,566,805</u>

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

Total fund balances per above \$ 1,093,565

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

Capital assets cost	\$ 30,195,679	
Accumulated depreciation	<u>(21,629,864)</u>	8,565,815

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

Pension related items	\$ 2,113,320	
OPEB related items	<u>346,117</u>	2,459,437

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	\$ (8,396,119)	
Net OPEB liabilities	(2,227,239)	
Lease liabilities	<u>(66,767)</u>	(10,690,125)

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

Pension related items	\$ (2,698,397)	
OPEB related items	<u>(452,476)</u>	(3,150,873)

Net position of governmental activities		<u>\$ (1,722,181)</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, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 404	\$ -	\$ -	\$ 404
Charges for services	-	72,789	-	72,789
Miscellaneous	42,303	-	174,724	217,027
Intergovernmental:				
Local government	12,862,971	-	-	12,862,971
Commonwealth	4,531,937	8,266	-	4,540,203
Federal	1,131,671	505,488	-	1,637,159
Total revenues	<u>\$ 18,569,286</u>	<u>\$ 586,543</u>	<u>\$ 174,724</u>	<u>\$ 19,330,553</u>
EXPENDITURES				
Current:				
Education	\$ 17,497,240	\$ 606,764	\$ 172,446	\$ 18,276,450
Debt service:				
Principal retirement	20,720	-	-	20,720
Interest and other fiscal charges	2,536	-	-	2,536
Total expenditures	<u>\$ 17,520,496</u>	<u>\$ 606,764</u>	<u>\$ 172,446</u>	<u>\$ 18,299,706</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,048,790	\$ (20,221)	\$ 2,278	\$ 1,030,847
Net change in fund balances	\$ 1,048,790	\$ (20,221)	\$ 2,278	\$ 1,030,847
Fund balances (deficit) - beginning	-	(4,111)	66,829	62,718
Fund balances (deficit) - ending	<u>\$ 1,048,790</u>	<u>\$ (24,332)</u>	<u>\$ 69,107</u>	<u>\$ 1,093,565</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 \$ 1,030,847

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	\$ 1,189,724	
Depreciation expense	(827,534)	
Activity related to joint tenancy assets of Component Unit and Primary Government	<u>60,384</u>	(892,261)

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds 384,761

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal retired on lease liabilities 20,720

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	\$ 111,783	
Pension expense	<u>1,424,961</u>	1,536,744

Change in net position of governmental activities \$ 2,080,811

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, 2023

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 404	\$ 404
Charges for services	-	-	-	-
Miscellaneous	32,132	44,859	42,303	(2,556)
Intergovernmental:				
Local government	12,857,862	13,062,312	12,862,971	(199,341)
Commonwealth	3,101,933	3,228,766	4,531,937	1,303,171
Federal	2,890,980	3,026,440	1,131,671	(1,894,769)
Total revenues	\$ 18,882,907	\$ 19,362,377	\$ 18,569,286	\$ (793,091)
EXPENDITURES				
Current:				
Education	\$ 18,882,907	\$ 19,362,377	\$ 17,497,240	\$ 1,865,137
Debt service:				
Principal retirement	-	-	20,720	(20,720)
Interest and other fiscal charges	-	-	2,536	(2,536)
Total expenditures	\$ 18,882,907	\$ 19,362,377	\$ 17,520,496	\$ 1,841,881
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 1,048,790	\$ 1,048,790
Net change in fund balances	\$ -	\$ -	\$ 1,048,790	\$ 1,048,790
Fund balances (deficit) - beginning	-	-	-	-
Fund balances (deficit) - ending	\$ -	\$ -	\$ 1,048,790	\$ 1,048,790

School Cafeteria Fund				School Activity Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,960	9,960	72,789	62,829	-	-	-	-
-	-	-	-	-	-	174,724	174,724
-	-	-	-	-	-	-	-
59,477	59,477	8,266	(51,211)	-	-	-	-
493,288	493,288	505,488	12,200	-	-	-	-
\$ 562,725	\$ 562,725	\$ 586,543	\$ 23,818	\$ -	\$ -	\$ 174,724	\$ 174,724
\$ 562,725	\$ 562,725	\$ 606,764	\$ (44,039)	\$ -	\$ -	\$ 172,446	\$ (172,446)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ 562,725	\$ 562,725	\$ 606,764	\$ (44,039)	\$ -	\$ -	\$ 172,446	\$ (172,446)
\$ -	\$ -	\$ (20,221)	\$ (20,221)	\$ -	\$ -	\$ 2,278	\$ 2,278
\$ -	\$ -	\$ (20,221)	\$ (20,221)	\$ -	\$ -	\$ 2,278	\$ 2,278
-	-	(4,111)	(4,111)	-	-	66,829	66,829
\$ -	\$ -	\$ (24,332)	\$ (24,332)	\$ -	\$ -	\$ 69,107	\$ 69,107

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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, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ <u>110,896</u>
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NET POSITION

Unrestricted	\$ <u>110,896</u>
Total net position	\$ <u><u>110,896</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, 2023

OPERATING EXPENSES

Other charges	\$ 7,022
Total operating expenses	\$ 7,022
Operating income (loss)	\$ (7,022)

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 88
Local business recovery grant from Surry County	50,000
Local market grant from Surry County	279,500
Market buildout	(763,045)
Total nonoperating revenues (expenses)	\$ (433,457)
Change in net position	\$ (440,479)

Net position - beginning	551,375
Net position - ending	\$ 110,896

County of Surry, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for operating activities	\$ (7,022)
Net cash provided by (used for) operating activities	\$ <u>(7,022)</u>

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

Local business recovery grant from Surry County	\$ 50,000
Market grant from Surry County	279,500
Market buildout	<u>(763,045)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(433,545)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 88
Net cash provided by (used for) investing activities	\$ <u>88</u>

Net increase (decrease) in cash and cash equivalents \$ (440,479)

Cash and cash equivalents - beginning	551,375
Cash and cash equivalents - ending	<u><u>110,896</u></u>

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

Operating income (loss)	\$ (7,022)
Net cash provided by (used for) operating activities	\$ <u><u>(7,022)</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, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 7,810,000	\$ 7,810,000	\$ 7,796,069	\$ (13,931)
Real and personal public service corporation taxes	15,539,000	15,539,000	15,544,438	5,438
Personal property taxes	2,290,604	2,290,604	2,668,946	378,342
Penalties	55,000	55,000	36,216	(18,784)
Interest	70,000	70,000	66,681	(3,319)
Total general property taxes	<u>\$ 25,764,604</u>	<u>\$ 25,764,604</u>	<u>\$ 26,112,350</u>	<u>\$ 347,746</u>
Other local taxes:				
Local sales and use taxes	\$ 500,000	\$ 500,000	\$ 1,191,713	\$ 691,713
Consumption tax	19,000	19,000	19,549	549
Business license taxes	95,000	95,000	137,419	42,419
Motor vehicle licenses	130,000	130,000	126,647	(3,353)
Taxes on recordation and wills	60,000	60,000	79,492	19,492
Meals tax	125,000	125,000	146,929	21,929
Total other local taxes	<u>\$ 929,000</u>	<u>\$ 929,000</u>	<u>\$ 1,701,749</u>	<u>\$ 772,749</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,000	\$ 2,000	\$ 1,490	\$ (510)
Building permits	62,000	62,000	352,106	290,106
Permits and other licenses	18,000	18,000	128,795	110,795
Total permits, privilege fees, and regulatory licenses	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 482,391</u>	<u>\$ 400,391</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 51,006	\$ 16,006
Revenue from use of money and property:				
Revenue from use of money	\$ 115,100	\$ 115,100	\$ 496,855	\$ 381,755
Revenue from use of property	114,626	114,626	80,066	(34,560)
Total revenue from use of money and property	<u>\$ 229,726</u>	<u>\$ 229,726</u>	<u>\$ 576,921</u>	<u>\$ 347,195</u>
Charges for services:				
Sheriff fees	\$ 10,550	\$ 10,550	\$ 19,727	\$ 9,177
Charges for Commonwealth's Attorney	1,000	1,000	2,113	1,113
Charges for Treasurer	-	-	89	89
Courthouse maintenance fees	2,700	2,700	1,477	(1,223)
Charges for other court services	4,200	4,200	5,215	1,015
Charges for ambulance	180,000	180,000	140,012	(39,988)
Charges for sanitation and waste removal	6,000	6,000	11,732	5,732
Charges for farmers market vendor fees	500	500	907	407
Charges for parks and recreation	17,500	17,500	17,753	253
Total charges for services	<u>\$ 222,450</u>	<u>\$ 222,450</u>	<u>\$ 199,025</u>	<u>\$ (23,425)</u>
Miscellaneous:				
Miscellaneous	\$ 106,737	\$ 106,737	\$ 404,639	\$ 297,902

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<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	\$ -	\$ -	\$ 544	\$ 544
Recovered costs	176,795	176,795	155,198	(21,597)
Total recovered costs	\$ 176,795	\$ 176,795	\$ 155,742	\$ (21,053)
Total revenue from local sources	\$ 27,546,312	\$ 27,546,312	\$ 29,683,823	\$ 2,137,511
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ -	\$ -	\$ 3	\$ 3
Mobile home titling tax	10,000	10,000	32,788	22,788
Games of skill	-	-	4,760	4,760
Taxes on deeds	15,000	15,000	-	(15,000)
Communications tax	35,000	35,000	35,655	655
Auto rental tax	-	-	4,188	4,188
State recordation tax	15,000	15,000	19,256	4,256
Personal property tax relief funds	677,907	677,907	677,907	-
Total noncategorical aid	\$ 752,907	\$ 752,907	\$ 774,557	\$ 21,650
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 191,118	\$ 191,118	\$ 188,744	\$ (2,374)
Sheriff	562,128	562,128	562,856	728
Commissioner of revenue	82,575	82,575	90,231	7,656
Treasurer	85,719	85,719	85,238	(481)
Registrar/electoral board	51,500	51,500	57,771	6,271
Clerk of the circuit court	224,532	224,532	218,200	(6,332)
Total shared expenses	\$ 1,197,572	\$ 1,197,572	\$ 1,203,040	\$ 5,468
Other categorical aid:				
Public assistance and welfare administration	\$ 736,645	\$ 736,645	\$ 421,115	\$ (315,530)
Fire programs fund	30,000	30,000	33,270	3,270
Children's services act	322,668	322,668	253,355	(69,313)
Wireless funds	45,000	45,000	47,704	2,704
Emergency medical services	8,168	8,168	-	(8,168)
Victim-witness grant	76,585	76,585	42,124	(34,461)
Animal friendly plates	-	-	111	111
Radiological emergency preparedness grant	30,000	30,000	30,000	-
Tourism grant	-	30,000	15,040	(14,960)
Records preservation grant	-	-	86,546	86,546
Litter control	7,981	7,981	11,000	3,019
Revenue holding	-	-	15,506	15,506
Total other categorical aid	\$ 1,257,047	\$ 1,287,047	\$ 955,771	\$ (331,276)
Total categorical aid	\$ 2,454,619	\$ 2,484,619	\$ 2,158,811	\$ (325,808)
Total revenue from the Commonwealth	\$ 3,207,526	\$ 3,237,526	\$ 2,933,368	\$ (304,158)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 360	\$ 360	\$ 410	\$ 50
Categorical aid:				
Public assistance and welfare administration	\$ 921,071	\$ 921,071	\$ 1,039,564	\$ 118,493
Criminal justice grant	-	-	101,115	101,115
Sheriff DMV grant	-	-	7,940	7,940
Justice assistance grant	-	-	1,449	1,449
Coronavirus emergency supplemental funding	-	197,000	-	(197,000)
Disaster assistance	-	-	5,574	5,574
American Rescue Plan Act	-	-	50,000	-
Total categorical aid	\$ 921,071	\$ 1,118,071	\$ 1,205,642	\$ 37,571
Total revenue from the federal government	\$ 921,431	\$ 1,118,431	\$ 1,206,052	\$ 37,621
Total General Fund	\$ 31,675,269	\$ 31,902,269	\$ 33,823,243	\$ 1,870,974
Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 30	\$ 30	\$ 36	\$ 6
Revenue from the use of property	-	-	600,000	600,000
Total revenue from use of money and property	\$ 30	\$ 30	\$ 600,036	\$ 600,006
General Fund: (Continued)				
Special Revenue Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 11,700	\$ 191,200	\$ 279,500	\$ 88,300
Total miscellaneous revenue	\$ 11,700	\$ 191,200	\$ 279,500	\$ 88,300
Total revenue from local sources	\$ 11,730	\$ 191,230	\$ 879,536	\$ 688,306
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 444	\$ 444
Total categorical aid	\$ -	\$ -	\$ 444	\$ 444
Total revenue from the Commonwealth	\$ -	\$ -	\$ 444	\$ 444
Total Special Revenue Fund	\$ 11,730	\$ 191,230	\$ 879,980	\$ 688,750

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 473,290	\$ 473,290
Miscellaneous:				
Miscellaneous	\$ 448,230	\$ 448,230	\$ -	\$ (448,230)
Total revenue from local sources	\$ 448,230	\$ 448,230	\$ 473,290	\$ 25,060
Total County Capital Projects Fund	\$ 448,230	\$ 448,230	\$ 473,290	\$ 25,060
Total Primary Government	\$ 32,135,229	\$ 32,541,729	\$ 35,176,513	\$ 2,584,784
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	\$ -	\$ -	\$ 404	\$ 404
Miscellaneous:				
Miscellaneous	\$ 32,132	\$ 44,859	\$ 42,303	\$ (2,556)
Total revenue from local sources	\$ 32,132	\$ 44,859	\$ 42,707	\$ (2,152)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Surry	\$ 12,857,862	\$ 13,062,312	\$ 12,862,971	\$ (199,341)
Categorical aid:				
Share of state sales tax	\$ 1,058,254	\$ 1,058,254	\$ 1,108,802	\$ 50,548
Basic school aid	801,176	801,176	843,017	41,841
Remedial summer education	7,125	7,125	12,614	5,489
Support in lieu of sales tax	-	-	63,258	63,258
Gifted and talented	6,899	6,899	7,212	313
Special education	189,429	189,429	201,332	11,903
Textbook payment	16,309	16,309	17,049	740
Remedial education	32,032	32,032	33,485	1,453
Vocational education	77,750	77,750	88,825	11,075

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Early reading intervention	\$ 21,673	\$ 21,673	\$ 8,221	\$ (13,452)
School fringes	193,670	193,670	208,511	14,841
English as a second language	609	609	913	304
Technology	128,000	128,000	128,000	-
Mentor teacher program	412	412	287	(125)
Lottery payments	200,000	200,000	200,000	-
At risk payments	181,741	181,741	142,988	(38,753)
School construction	-	-	1,048,790	1,048,790
Primary class size	26,939	26,939	31,110	4,171
SOL algebra readiness	3,034	3,034	3,770	736
Restraint	-	-	4,261	4,261
At risk four-year olds	91,949	91,949	-	(91,949)
Hold harmless	-	-	46,706	46,706
Virginia preschool initiative	-	-	91,949	91,949
Project graduation	3,093	3,093	3,093	-
Other state funds	61,839	61,839	96,110	34,271
Total categorical aid	\$ 3,101,933	\$ 3,228,766	\$ 4,531,937	\$ 1,303,171
Total revenue from the Commonwealth	\$ 3,101,933	\$ 3,228,766	\$ 4,531,937	\$ 1,303,171
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 225,422	\$ 225,422	\$ 229,300	\$ 3,878
Title VI-B, special education flow-through	294,403	294,403	210,547	(83,856)
Title VI-B, special education pre-school	4,632	4,632	4,648	16
Infectious diseases	-	-	37,941	37,941
JROTC	72,000	72,000	74,501	2,501
Student support and academic enrichment	15,619	15,619	2,013	(13,606)
ESSER	2,235,115	2,235,115	370,367	(1,864,748)
Public health emergency response	-	-	16,887	16,887
Coronavirus state and local fiscal recovery funds	-	85,460	85,496	36
Other federal funds	43,789	93,789	99,971	6,182
Total categorical aid	\$ 2,890,980	\$ 3,026,440	\$ 1,131,671	\$ (1,894,769)
Total revenue from the federal government	\$ 2,890,980	\$ 3,026,440	\$ 1,131,671	\$ (1,894,769)
Total School Operating Fund	\$ 18,882,907	\$ 19,362,377	\$ 18,569,286	\$ (793,091)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 9,960	\$ 9,960	\$ 72,789	\$ 62,829
Total charges for services	\$ 9,960	\$ 9,960	\$ 72,789	\$ 62,829
Total revenue from local sources	\$ 9,960	\$ 9,960	\$ 72,789	\$ 62,829
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 59,477	\$ 59,477	\$ 8,266	\$ (51,211)
Total categorical aid	\$ 59,477	\$ 59,477	\$ 8,266	\$ (51,211)
Total revenue from the Commonwealth	\$ 59,477	\$ 59,477	\$ 8,266	\$ (51,211)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 468,288	\$ 468,288	\$ 483,685	\$ 15,397
Commodities	25,000	25,000	21,803	(3,197)
Total categorical aid	\$ 493,288	\$ 493,288	\$ 505,488	\$ 12,200
Total revenue from the federal government	\$ 493,288	\$ 493,288	\$ 505,488	\$ 12,200
Total School Cafeteria Fund	\$ 562,725	\$ 562,725	\$ 586,543	\$ 23,818
School Activity Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 174,724	\$ 174,724
Total School Activity Fund	\$ -	\$ -	\$ 174,724	\$ 174,724
Total Discretely Presented Component Unit - School Board	\$ 19,445,632	\$ 19,925,102	\$ 19,330,553	\$ (594,549)

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 573,668	\$ 282,991	\$ 118,954	\$ 164,037
General and financial administration:				
County administrator	\$ 729,288	\$ 1,036,575	\$ 1,036,466	\$ 109
Reassessment	8,000	173,000	172,553	447
Legal services	-	21,000	20,800	200
Commissioner of revenue	251,424	256,297	251,605	4,692
Independent audit	52,230	52,230	42,650	9,580
Treasurer	330,163	338,535	301,977	36,558
Finance department	569,822	317,369	282,404	34,965
Information technology	587,299	747,191	745,294	1,897
Total general and financial administration	\$ 2,528,226	\$ 2,942,197	\$ 2,853,749	\$ 88,448
Board of elections:				
Electoral board and officials	\$ 193,819	\$ 195,720	\$ 232,525	\$ (36,805)
Total general government administration	\$ 3,295,713	\$ 3,420,908	\$ 3,205,228	\$ 215,680
Judicial administration:				
Courts:				
Circuit court	\$ 22,000	\$ 22,000	\$ 32,642	\$ (10,642)
General district court	54,397	54,397	52,066	2,331
Victim Witness	72,590	72,590	74,105	(1,515)
Clerk of the circuit court	357,046	364,287	296,557	67,730
Total courts	\$ 506,033	\$ 513,274	\$ 455,370	\$ 57,904
Commonwealth's attorney:				
Commonwealth's attorney	\$ 319,102	\$ 323,420	\$ 324,344	\$ (924)
Total judicial administration	\$ 825,135	\$ 836,694	\$ 779,714	\$ 56,980
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,993,069	\$ 2,100,395	\$ 1,999,507	\$ 100,888
CARES funds	-	197,000	-	197,000
ARPA funds	-	-	15,012	(15,012)
Virginia juvenile crime control act	13,324	13,853	13,990	(137)
Total law enforcement and traffic control	\$ 2,006,393	\$ 2,311,248	\$ 2,028,509	\$ 282,739
Fire and rescue services:				
Fire department/rescue services	\$ 924,865	\$ 924,865	\$ 844,490	\$ 80,375
Correction and detention:				
Confinement and care of prisoners	\$ 275,491	\$ 275,491	\$ 274,580	\$ 911

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 360,149	\$ 322,101	\$ 300,074	\$ 22,027
Other protection:				
Animal control	\$ 241,071	\$ 258,719	\$ 198,433	\$ 60,286
Emergency services	456,325	535,260	449,644	85,616
E-911 communications	169,732	172,277	133,934	38,343
Total other protection	\$ 867,128	\$ 966,256	\$ 782,011	\$ 184,245
Total public safety	\$ 4,434,026	\$ 4,799,961	\$ 4,229,664	\$ 570,297
Public works:				
Sanitation and waste removal:				
Sanitation	\$ 885,481	\$ 871,119	\$ 833,319	\$ 37,800
Litter control	7,981	7,981	7,926	55
Total sanitation and waste removal	\$ 893,462	\$ 879,100	\$ 841,245	\$ 37,855
Maintenance of general buildings and grounds:				
General properties	\$ 903,439	\$ 820,115	\$ 771,803	\$ 48,312
Total public works	\$ 1,796,901	\$ 1,699,215	\$ 1,613,048	\$ 86,167
Health and welfare:				
Health:				
Supplement of local health department	\$ 209,664	\$ 209,664	\$ 142,652	\$ 67,012
Total health	\$ 209,664	\$ 209,664	\$ 142,652	\$ 67,012
Mental health and mental retardation:				
Community services board	\$ 79,376	\$ 79,376	\$ 79,376	\$ -
Welfare:				
Public assistance and welfare administration	\$ 2,137,816	\$ 2,137,816	\$ 1,827,903	\$ 309,913
Children's services act	553,238	554,824	591,991	(37,167)
SSG improvement association	44,604	44,604	44,604	-
Workforce development	78,874	99,732	76,191	23,541
Office on youth	255,659	294,368	280,305	14,063
Total welfare	\$ 3,070,191	\$ 3,131,344	\$ 2,820,994	\$ 310,350
Total health and welfare	\$ 3,359,231	\$ 3,420,384	\$ 3,043,022	\$ 377,362

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 1,229	\$ 1,229	\$ 1,229	\$ -
Contribution to County School Board	12,857,862	13,062,312	12,862,971	199,341
Total education	\$ 12,859,091	\$ 13,063,541	\$ 12,864,200	\$ 199,341
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 368,535	\$ 380,028	\$ 297,755	\$ 82,273
Marina	125,900	125,900	84,148	41,752
Total parks and recreation	\$ 494,435	\$ 505,928	\$ 381,903	\$ 124,025
Library:				
Contribution to regional library	\$ 157,256	\$ 157,256	\$ 157,083	\$ 173
Total parks, recreation, and cultural	\$ 651,691	\$ 663,184	\$ 538,986	\$ 124,198
Community development:				
Planning and community development:				
Planning and zoning	\$ 440,959	\$ 454,642	\$ 402,678	\$ 51,964
Zoning board	3,534	3,534	-	3,534
Highway transportation safety commission	271	271	336	(65)
Planning district commission	6,673	6,673	8,048	(1,375)
Economic development	308,157	312,979	253,697	59,282
Tourism	143,359	176,404	182,517	(6,113)
Farmers market	32,819	32,819	14,411	18,408
Other planning and community development	842	842	939	(97)
Total planning and community development	\$ 936,614	\$ 988,164	\$ 862,626	\$ 125,538
Environmental management:				
Contribution to soil and water conservation district	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Total environmental management	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Cooperative extension program:				
Extension office	\$ 100,109	\$ 100,109	\$ 47,913	\$ 52,196
Total community development	\$ 1,048,723	\$ 1,100,273	\$ 922,539	\$ 177,734
Debt service:				
Principal retirement	\$ 1,565,000	\$ 1,565,000	\$ 1,565,000	\$ -
Interest and other fiscal charges	743,506	743,506	720,505	23,001
Total debt service	\$ 2,308,506	\$ 2,308,506	\$ 2,285,505	\$ 23,001
Total General Fund	\$ 30,729,017	\$ 31,462,666	\$ 29,481,906	\$ 1,980,760

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Public Safety:				
DEA task force	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Total public safety	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Community development				
Indoor plumbing program	\$ 11,730	\$ 11,730	\$ -	\$ 11,730
Economic development	80,000	259,500	106,787	152,713
Total community development	\$ 91,730	\$ 271,230	\$ 106,787	\$ 164,443
Total Special Revenue Fund	\$ 116,730	\$ 296,230	\$ 106,787	\$ 189,443
County Capital Projects Fund:				
Capital projects:				
Record books cleaning	\$ -	\$ 86,410	\$ 86,546	\$ (136)
Technology upgrades	80,000	176,846	54,860	121,986
Fleet vehicles	345,500	373,754	113,019	260,735
Broadband project	-	525,000	-	525,000
Sanitation equipment	-	10,547	-	10,547
County capital projects	2,599,000	2,753,959	202,390	2,551,569
Radio system	-	527,442	41,921	485,521
VESTA hardware refresh	-	19,877	-	19,877
Animal shelter	-	188,788	-	188,788
Public safety radios	-	6,349,152	348,270	6,000,882
Grayland property	-	300,000	-	300,000
Fire equipment	998,665	1,434,465	668,446	766,019
Accounting system	-	1,150,000	251,987	898,013
School capital projects	1,110,000	1,997,534	617,844	1,379,690
Total capital projects	\$ 7,241,395	\$ 18,002,004	\$ 2,399,276	\$ 15,602,728
Total County Capital Projects Fund	\$ 7,241,395	\$ 18,002,004	\$ 2,399,276	\$ 15,602,728
Total Primary Government	\$ 38,087,142	\$ 49,760,900	\$ 31,987,969	\$ 17,772,931

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

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	\$ 1,225,221	\$ 1,242,108	\$ 1,139,000	\$ 103,108
Instruction costs	12,652,229	13,004,866	11,565,239	1,439,627
Districtwide technology	892,370	1,061,233	1,043,142	18,091
Pupil transportation	1,367,998	1,367,998	1,342,879	25,119
Operation and maintenance of school plant	2,745,089	2,686,172	2,406,980	279,192
Total operating costs	<u>\$ 18,882,907</u>	<u>\$ 19,362,377</u>	<u>\$ 17,497,240</u>	<u>\$ 1,865,137</u>
Total education	<u>\$ 18,882,907</u>	<u>\$ 19,362,377</u>	<u>\$ 17,497,240</u>	<u>\$ 1,865,137</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 20,720	\$ (20,720)
Interest and other fiscal charges	-	-	2,536	(2,536)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,256</u>	<u>\$ (23,256)</u>
Total School Operating Fund	<u>\$ 18,882,907</u>	<u>\$ 19,362,377</u>	<u>\$ 17,520,496</u>	<u>\$ 1,841,881</u>
Special Revenue Funds:				
School Cafeteria Fund:				
Education:				
School food services:				
School food services	\$ 562,725	\$ 562,725	\$ 606,764	\$ (44,039)
Total School Cafeteria Fund	<u>\$ 562,725</u>	<u>\$ 562,725</u>	<u>\$ 606,764</u>	<u>\$ (44,039)</u>
School Activity Fund:				
Education:				
School activity funds:				
School Activity Funds	\$ -	\$ -	\$ 172,446	\$ (172,446)
Total school activity funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,446</u>	<u>\$ (172,446)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,446</u>	<u>\$ (172,446)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 19,445,632</u>	<u>\$ 19,925,102</u>	<u>\$ 18,299,706</u>	<u>\$ 1,625,396</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)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 4,482,211	\$ 4,678,557	\$ 5,764,238	\$ 6,655,370
Restricted	-	-	-	-
Unrestricted	14,864,951	15,045,158	14,793,362	15,856,084
Total governmental activities net position	<u>\$ 19,347,162</u>	<u>\$ 19,723,715</u>	<u>\$ 20,557,600</u>	<u>\$ 22,511,454</u>
Business-type activities				
Net investment in capital assets	\$ 5,311,812	\$ 5,165,477	\$ 5,021,173	\$ 5,409,740
Unrestricted	(31,037)	(26,024)	(36,137)	(1,464)
Total business-type activities net position	<u>\$ 5,280,775</u>	<u>\$ 5,139,453</u>	<u>\$ 4,985,036</u>	<u>\$ 5,408,276</u>
Primary Government				
Net investment in capital assets	\$ 9,794,023	\$ 9,844,034	\$ 10,785,411	\$ 12,065,110
Restricted	-	-	-	-
Unrestricted	14,833,914	15,019,134	14,757,225	15,854,620
Total Primary government net position	<u>\$ 24,627,937</u>	<u>\$ 24,863,168</u>	<u>\$ 25,542,636</u>	<u>\$ 27,919,730</u>

Table 1

2018	2019	2020	2021	2022	2023
\$ 9,400,418	\$ 11,006,048	\$ 17,192,612	\$ 14,515,163	\$ 15,815,687	\$ 14,328,126
					69,274
14,275,872	14,250,518	9,208,214	8,326,325	8,583,340	14,537,630
\$ 23,676,290	\$ 25,256,566	\$ 26,400,826	\$ 22,841,488	\$ 24,399,027	\$ 28,935,030
\$ 450,268	\$ 425,407	\$ 400,546	\$ 3,711,920	\$ 3,601,514	\$ 3,491,108
(12,070)	(6,755)	(6,754)	18,108	45,820	59,665
\$ 438,198	\$ 418,652	\$ 393,792	\$ 3,730,028	\$ 3,647,334	\$ 3,550,773
\$ 9,850,686	\$ 11,431,455	\$ 17,593,158	\$ 18,227,083	\$ 19,417,201	\$ 20,893,472
-	-	-	-	-	69,274
14,263,802	14,243,763	9,201,460	8,344,433	8,629,160	11,523,057
\$ 24,114,488	\$ 25,675,218	\$ 26,794,618	\$ 26,571,516	\$ 28,046,361	\$ 32,485,803

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

	2014	2015	2016	2017
Expenses				
Governmental activities				
General government administration	\$ 1,584,521	\$ 1,991,967	\$ 2,132,002	\$ 1,917,740
Judicial administration	766,927	748,445	773,107	888,575
Public safety	3,193,870	3,328,127	2,918,282	3,290,894
Public works	1,153,265	87,783	1,413,326	1,557,463
Health and welfare	2,457,024	2,441,740	2,303,706	2,320,721
Community development	491,679	533,375	531,693	1,018,108
Parks, Recreation and cultural	899,221	576,999	1,176,469	(139,681)
Education	11,525,579	12,149,458	12,463,776	12,055,007
Interest and other financial charges	674,932	1,024,436	562,721	538,332
Total governmental activities	<u>\$ 22,747,018</u>	<u>\$ 22,882,330</u>	<u>\$ 24,275,082</u>	<u>\$ 23,447,159</u>
Business-type activities				
Water and Sewer	\$ 498,727	\$ 489,378	\$ 457,130	\$ 521,937
Total business-type activities	<u>\$ 498,727</u>	<u>\$ 489,378</u>	<u>\$ 457,130</u>	<u>\$ 521,937</u>
Total primary government expenses	<u><u>\$ 23,245,745</u></u>	<u><u>\$ 23,371,708</u></u>	<u><u>\$ 24,732,212</u></u>	<u><u>\$ 23,969,096</u></u>
Program Revenues				
Governmental activities				
Charges for services:				
General government administration	\$ 1,117	\$ 295	\$ 276	\$ 16,429
Judicial administration	90,461	69,629	45,947	66,032
Public safety	48,333	59,880	47,887	58,176
Public works	51,934	45,556	42,663	35,100
Parks, recreation and cultural	38,969	52,662	63,891	31,916
Community development	13,639	10,208	-	-
Operating grants and contributions	2,410,697	2,535,110	2,345,604	2,586,006
Capital Grants and contributions	59,671	20,805	322,950	-
Total governmental activities	<u>\$ 2,714,821</u>	<u>\$ 2,794,145</u>	<u>\$ 2,869,218</u>	<u>\$ 2,793,659</u>
Business-type activities				
Charges for services:				
Water and Sewer	\$ 50,812	\$ 197,263	\$ 134,154	\$ 150,495
Total business-type activities	<u>\$ 50,812</u>	<u>\$ 197,263</u>	<u>\$ 134,154</u>	<u>\$ 150,495</u>
Total primary government revenues	<u><u>\$ 2,765,633</u></u>	<u><u>\$ 2,991,408</u></u>	<u><u>\$ 3,003,372</u></u>	<u><u>\$ 2,944,154</u></u>

2018	2019	2020	2021	2022	2023
\$ 1,964,276	\$ 2,078,003	\$ 2,136,398	\$ 2,999,747	\$ 3,217,674	\$ 3,487,373
873,741	911,831	1,008,861	1,112,591	1,039,743	1,020,879
3,606,834	3,577,148	4,006,059	3,816,148	4,333,212	5,403,117
1,422,039	1,640,550	1,467,102	1,911,937	1,675,724	1,824,385
2,302,899	2,379,011	3,115,050	3,727,137	2,958,383	2,996,979
516,728	1,265,986	813,042	3,778,239	3,774,168	1,079,793
632,537	722,787	684,751	646,076	574,238	1,378,199
13,088,905	12,362,185	13,195,678	12,094,027	12,616,856	13,034,202
505,507	634,730	650,388	1,185,422	544,011	509,196
\$ 24,913,466	\$ 25,572,231	\$ 27,077,329	\$ 31,271,324	\$ 30,734,009	\$ 30,734,123
\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972	\$ 289,489	\$ 275,356
\$ 5,131,464	\$ 161,575	\$ 190,291	\$ 278,972	\$ 289,489	\$ 275,356
\$ 30,044,930	\$ 25,733,806	\$ 27,267,620	\$ 31,550,296	\$ 31,023,498	\$ 31,009,479
\$ 14,928	\$ 145	\$ 186	\$ 123	\$ 208	\$ 89
43,015	67,947	38,646	44,978	51,881	59,811
62,557	267,105	235,428	281,273	391,453	642,130
39,897	25,908	7,694	13,971	10,792	11,732
20,837	22,677	16,943	690	17,768	18,660
-	-	-	-	-	-
2,619,000	2,538,393	2,976,278	3,929,094	3,192,620	3,434,535
-	-	967,420	950,313	1,535,956	-
\$ 2,800,234	\$ 2,922,175	\$ 4,242,595	\$ 5,220,442	\$ 5,200,678	\$ 4,166,957
\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038	\$ 69,624	\$ 96,695
\$ 64,486	\$ 58,839	\$ 55,816	\$ 50,038	\$ 69,624	\$ 96,695
\$ 2,864,720	\$ 2,981,014	\$ 4,298,411	\$ 5,270,480	\$ 5,270,302	\$ 4,263,652

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

	2014	2015	2016
Net (Expense)/Revenue			
Governmental activities	\$ (20,032,197)	\$ (20,088,185)	\$ (21,405,864)
Business-type activities	(429,307)	(292,115)	(322,976)
Total primary government net expense	<u>\$ (20,461,504)</u>	<u>\$ (20,380,300)</u>	<u>\$ (21,728,840)</u>

General Revenues and Other Changes in Net Position

Governmental Activities:

Taxes

Property taxes	\$ 21,177,468	\$ 20,966,352	\$ 20,744,418
Other local taxes	755,736	644,424	706,543
Investment earnings	90,225	94,049	154,325
Miscellaneous	92,072	55,082	54,442
Non-categorical aid from the Commonwealth	766,691	771,419	769,719
Transfers	(265,653)	(150,793)	(168,559)
Total governmental activities	<u>\$ 22,616,539</u>	<u>\$ 22,380,533</u>	<u>\$ 22,260,888</u>

Business-type activities

Capital contributions	\$ -	\$ -	\$ -
Transfers	265,653	150,793	168,559
Total business-type activities	<u>\$ 265,653</u>	<u>\$ 150,793</u>	<u>\$ 168,559</u>
Total primary government	<u><u>\$ 22,882,192</u></u>	<u><u>\$ 22,531,326</u></u>	<u><u>\$ 22,429,447</u></u>

Changes in Net Position

Governmental activities	\$ 2,584,342	\$ 2,292,348	\$ 855,024
Business-type activities	(163,654)	(141,322)	(154,417)
Total primary government	<u>\$ 2,420,688</u>	<u>\$ 2,151,026</u>	<u>\$ 700,607</u>

2017	2018	2019	2020	2021	2022	2023
\$ (20,653,500)	\$ (22,113,232)	\$ (22,650,056)	\$ (22,834,734)	\$ (26,050,882)	\$ (25,533,331)	\$ (26,567,166)
(371,442)	(5,066,978)	(102,736)	(134,475)	(228,934)	(219,865)	(178,661)
\$ (21,024,942)	\$ (27,180,210)	\$ (22,752,792)	\$ (22,969,209)	\$ (26,279,816)	\$ (25,753,196)	\$ (26,745,827)

\$ 21,725,342	\$ 21,766,374	\$ 21,551,518	\$ 22,140,946	\$ 22,939,954	\$ 24,591,548	\$ 26,295,256
610,920	780,408	1,126,200	1,118,145	1,057,335	1,445,077	1,701,749
226,484	368,134	701,171	452,566	190,882	175,541	1,650,247
70,236	164,975	156,952	315,529	925,865	324,139	737,758
769,054	776,502	777,681	761,013	787,825	762,090	729,905
(794,682)	(96,900)	(83,190)	(109,615)	(143,390)	(137,171)	(82,100)
\$ 22,607,354	\$ 23,759,493	\$ 24,230,332	\$ 24,678,584	\$ 25,758,471	\$ 27,161,224	\$ 31,032,815

\$ -	\$ -	\$ -	\$ -	\$ 154,853	\$ -	\$ -
794,682	96,900	83,190	109,615	143,390	137,171	82,100
\$ 794,682	\$ 96,900	\$ 83,190	\$ 109,615	\$ 298,243	\$ 137,171	\$ 82,100
\$ 23,402,036	\$ 23,856,393	\$ 24,313,522	\$ 24,788,199	\$ 26,056,714	\$ 27,298,395	\$ 31,114,915

\$ 1,953,854	\$ 1,646,261	\$ 1,580,276	\$ 1,843,850	\$ (292,411)	\$ 1,627,893	\$ 4,465,649
423,240	(4,970,078)	(19,546)	(24,860)	69,309	(82,694)	(96,561)
\$ 2,377,094	\$ (3,323,817)	\$ 1,560,730	\$ 1,818,990	\$ (223,102)	\$ 1,545,199	\$ 4,369,088

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

	2014	2015	2016	2017
General fund				
Restricted	\$ -	\$ -	\$ -	\$ -
Committed	5,690,518	5,889,072	4,480,761	6,509,370
Assigned	-	-	-	-
Unassigned	10,678,611	12,593,041	13,442,281	12,813,118
Total general fund	<u>\$ 16,369,129</u>	<u>\$ 18,482,113</u>	<u>\$ 17,923,042</u>	<u>\$ 19,322,488</u>
All other governmental funds				
Committed	\$ 299,867	\$ 3,620,347	\$ 2,254,813	\$ 1,576,782
Assigned	19,170	29,403	35,567	42,611
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 319,037</u>	<u>\$ 3,649,750</u>	<u>\$ 2,290,380</u>	<u>\$ 1,619,393</u>

Table 3

2018	2019	2020	2021	2022	2023
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,274
7,372,426	9,900,350	11,093,362	8,130,065	12,313,115	-
-	-	-	-	-	9,700,787
12,783,307	10,494,377	7,881,289	10,096,160	7,077,703	10,700,901
\$ 20,155,733	\$ 20,394,727	\$ 18,974,651	\$ 18,226,225	\$ 19,390,818	\$ 20,470,962
\$ -	\$ 3,302,030	\$ 520,373	\$ 6,579,075	\$ 5,879,658	\$ 7,905,949
42,785	36,094	36,094	52,729	-	-
(618,860)	-	(758,567)	-	(38,707)	(38,698)
\$ (576,075)	\$ 3,338,124	\$ (202,100)	\$ 6,631,804	\$ 5,840,951	\$ 7,867,251

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

	2014	2015	2016	2017
Revenues				
General property taxes	\$ 21,140,727	\$ 21,119,861	\$ 20,939,138	\$ 21,692,941
Other local taxes	755,736	644,424	706,543	610,920
Permits, privilege fees and licenses	48,034	59,555	37,354	39,843
Fines and Forfeitures	49,826	30,963	20,043	43,375
Revenue from use of money & property	90,225	94,049	154,325	226,484
Charges for services	146,593	147,712	143,267	124,435
Miscellaneous	92,072	55,082	54,442	70,236
Recovered costs	229	700	29,588	20,149
Commonwealth of Virginia	2,196,137	2,316,990	2,173,971	2,410,290
Federal Government	1,040,922	1,010,344	1,264,302	944,770
Total revenues	\$ 25,560,501	\$ 25,479,680	\$ 25,522,973	\$ 26,183,443
Expenditures				
General government administration	\$ 1,388,887	\$ 1,411,117	\$ 1,655,003	\$ 1,433,635
Judicial administration	434,476	436,324	476,120	570,201
Public Safety	2,927,342	3,031,347	2,968,027	3,054,207
Public works	1,067,715	1,164,473	1,290,413	1,510,054
Health and welfare	2,423,793	2,417,346	2,340,943	2,279,521
Education	11,380,579	11,758,980	12,145,887	11,871,307
Community development	461,795	688,660	694,471	563,922
Parks, recreation and cultural	669,741	518,254	521,082	524,311
Capital projects	1,472,333	2,245,537	3,288,574	954,910
Debt service:				
Principal	959,102	13,339,050	1,045,000	1,085,000
Interest and other fiscal charges	693,440	1,190,219	847,335	813,234
Total Expenditures	\$ 23,879,203	\$ 38,201,307	\$ 27,272,855	\$ 24,660,302
Revenues over (under) expenditures	\$ 1,681,298	\$ (12,721,627)	\$ (1,749,882)	\$ 1,523,141
Other financing sources (uses)				
Transfers in	\$ 62,906	\$ -	\$ 1,549,848	\$ 80,000
Transfers out	(328,559)	(150,793)	(1,718,407)	(874,682)
Issuance of bonds	-	18,316,117	-	-
Bond issuance premium	-	-	-	-
Payment to refunding bond agent	-	-	-	-
Total other financing sources (uses)	\$ (265,653)	\$ 18,165,324	\$ (168,559)	\$ (794,682)
Net change in fund balances	\$ 1,415,645	\$ 5,443,697	\$ (1,918,441)	\$ 728,459
Debt service as a percentage of noncapital expenditures	7.30%	39.61%	7.78%	7.97%

Table 4

2018		2019		2020		2021		2022		2023	
\$	21,670,403	\$	21,600,237	\$	22,023,784	\$	23,138,148	\$	24,660,651	\$	26,112,350
	780,408		1,126,200		1,118,145		1,057,335		1,445,077		1,701,749
	49,723		57,890		38,408		79,962		185,901		482,391
	34,210		59,254		31,272		35,900		42,752		51,006
	368,134		701,171		452,566		190,882		175,664		1,650,247
	97,301		266,638		229,217		225,173		243,449		199,025
	164,975		156,952		315,529		925,865		324,139		684,139
	95,520		23,781		35,967		58,622		65,545		155,742
	2,466,263		2,394,276		2,629,458		3,585,365		4,186,123		2,933,812
	929,239		921,798		2,075,253		2,081,867		1,304,543		1,206,052
\$	26,656,176	\$	27,308,197	\$	28,949,599	\$	31,379,119	\$	32,633,844	\$	35,176,513
\$	1,655,924	\$	1,815,006	\$	1,858,332	\$	2,030,298	\$	2,658,554	\$	3,205,228
	565,128		625,561		660,930		707,203		747,537		779,714
	3,289,980		3,398,314		3,543,384		3,557,728		3,807,481		4,229,664
	1,407,940		1,554,097		1,564,133		1,650,682		1,596,296		1,613,048
	2,301,035		2,433,879		3,029,935		3,573,667		3,024,030		3,043,022
	12,758,905		12,138,405		12,106,306		11,926,855		12,429,222		12,864,200
	597,532		692,578		628,855		1,896,200		1,452,587		1,029,326
	504,458		773,470		755,205		515,986		468,228		538,986
	2,948,838		4,236,211		7,554,938		3,456,744		3,658,958		2,399,276
	1,125,000		1,055,000		1,165,000		1,225,000		1,510,000		1,565,000
	766,759		840,248		933,265		2,282,753		770,040		720,505
\$	27,921,499	\$	29,562,769	\$	33,800,283	\$	32,823,116	\$	32,122,933	\$	31,987,969
\$	(1,265,323)	\$	(2,254,572)	\$	(4,850,684)	\$	(1,443,997)	\$	510,911	\$	3,188,544
\$	428,097	\$	1,490,945	\$	2,778,618	\$	3,661,588	\$	1,804,367	\$	3,179,093
	(524,997)		(1,574,135)		(2,888,233)		(3,804,978)		(1,941,538)		(3,261,193)
	-		5,875,000		-		14,830,000		-		-
	-		615,955		-		847,865		-		-
	-		-		-		(8,005,000)		-		-
\$	(96,900)	\$	6,407,765	\$	(109,615)	\$	7,529,475	\$	(137,171)	\$	(82,100)
\$	(1,362,223)	\$	4,153,193	\$	(4,960,299)	\$	6,085,478	\$	373,740	\$	3,106,444
	7.43%		7.27%		7.65%		11.12%		7.68%		7.74%

Table 5

Notes:
(1) 2021 Real Estate Assessments.
(2) 2012 Real Estate Assessments.

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

Table 6

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collections within the Fiscal Year of the Levy		Adjustments to Levy in Subsequent Years	Total Adjusted Levy	Collections in Subsequent Years	Total Collections to Date	
		Amount (2)	Percentage of Levy				Amount (2)	Percentage of Levy
2023	\$ 26,272,878	\$ 25,689,214	97.78%	\$ -	26,272,878	\$ -	25,689,214	97.78%
2022	24,602,613	24,265,537	98.63%	-	24,602,613	-	24,265,537	98.63%
2021	22,639,708	22,617,499	99.90%	-	22,639,708	-	22,617,499	99.90%
2020	22,050,583	21,635,774	98.12%	-	22,050,583	-	21,635,774	98.12%
2019	21,468,868	21,132,164	98.43%	-	21,468,868	-	21,132,164	98.43%
2018	21,954,582	21,554,346	98.18%	-	21,954,582	-	21,554,346	98.18%
2017	22,454,884	21,909,904	97.57%	-	22,454,884	-	21,909,904	97.57%
2016	21,650,045	20,775,506	95.96%	-	21,650,045	-	20,775,506	95.96%
2015	20,874,695	20,472,352	98.07%	-	20,874,695	-	20,472,352	98.07%
2014	21,112,323	20,890,125	98.95%	-	21,112,323	-	20,890,125	98.95%

Notes:

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

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

Table 7

Tax Year	Residential/ Agricultural Property (3)	Commercial Property (3)	Total Taxable Assessed Value	Total Direct Tax Rate (2)	Estimated Actual Value (1)	Taxable Assessed Value as a % of Taxable Value
2023	\$ 1,209,311,400	\$ 43,149,600	\$ 1,252,461,000	\$ 0.71	\$ 1,252,461,000	100.00% (2)
2022	1,070,814,100	41,913,800	1,112,727,900	0.72	1,112,727,900	100.00% (2)
2021	929,841,600	35,157,400	964,999,000	0.77	964,999,000	100.00% (2)
2020	926,215,300	34,778,200	960,993,500	0.71	960,993,500	100.00% (2)
2019	914,088,000	35,866,600	949,954,600	0.71	949,954,600	100.00% (2)
2018	892,809,300	34,673,900	927,483,200	0.71	927,483,200	100.00% (2)
2017	888,941,000	34,205,000	923,146,000	0.71	923,146,000	100.00% (2)
2016	883,676,800	34,266,700	917,943,500	0.71	917,943,500	100.00% (2)
2015	857,689,600	33,269,100	890,958,700	0.73	890,958,700	100.00% (2)
2014	852,448,300	33,431,600	885,879,900	0.73	885,879,900	100.00% (2)

Notes:

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

COUNTY OF SURRY, VIRGINIA
Assessed Value of Taxable Property Other than Real Property
Last Ten Fiscal Years

Table 8

Fiscal Year	Personal Property (1)	Machinery & Tools (1)	Aircraft (1)	Public Service (2,3)	Total
2023	\$ 90,695,866	\$ 2,276,270	\$ 615	\$ 2,156,940,126	\$ 2,249,912,877
2022	67,990,827	2,398,886	685	1,995,996,993	2,066,387,391
2021	60,515,225	2,431,696	1,135	2,049,700,758	2,112,648,814
2020	59,678,167	2,813,507	1,260	1,935,274,114	1,997,767,048
2019	56,830,130	2,255,765	1,400	1,892,813,173	1,951,900,468
2018	54,401,525	2,366,490	4,005	1,927,140,899	1,983,912,919
2017	53,527,229	2,876,946	4,450	1,937,479,967	1,993,888,592
2016	51,381,116	2,228,648	4,945	1,785,663,243	1,839,277,952
2015	50,593,919	2,246,971	6,780	1,807,206,155	1,860,053,825
2014	49,970,173	2,192,651	7,535	1,824,746,203	1,876,916,562

Notes:

- (1) Assessed value information provided by the Commissioner of Revenue.
(2) Public Service Corporation property assessments performed by the State Corporation Commission.
(3) Includes Real Estate.

FY 2021 Public Service includes the Dominion VEPCO supplement.

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

Table 9

Fiscal Year	Governmental Activities				Business-Type Activities	Summary Totals		
	General Obligation Bonds	Capital Lease Obligations	Lease Revenue Bonds Payable	Bank Loans Payable	Revenue Bonds Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita Personal Income (1)
2023	\$ 1,245,904	\$ -	\$ 20,948,536	\$ -	\$ -	\$ 22,194,440	**	N/A
2022	1,419,388	-	22,536,700	-	-	23,956,088	7.00%	\$ 52,428
2021	1,582,872	-	24,095,460	-	-	25,678,332	7.58%	51,892
2020	1,736,356	-	18,562,319	-	-	20,298,675	6.63%	46,641
2019	1,884,841	-	19,845,387	-	-	21,730,228	7.58%	44,647
2018	2,023,325	-	14,526,873	-	-	16,550,198	5.51%	46,413
2017	2,153,325	-	15,768,196	-	-	17,921,521	6.46%	42,427
2016	2,285,293	-	16,989,454	-	597,742	19,872,489	7.54%	41,337
2015	2,403,777	-	18,191,382	-	662,613	21,257,772	7.75%	40,509
2014	2,517,261	-	1,029,050	12,200,000	725,452	16,471,763	6.43%	38,374

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
2023	\$ 1,245,904	\$ 20,948,536	\$ 22,194,440	**	**
2022	1,419,388	22,536,700	23,956,088	3,670	2.15%
2021	1,582,872	24,095,460	25,678,332	3,932	2.66%
2020	1,736,356	18,562,319	20,298,675	3,094	2.11%
2019	1,884,841	19,845,387	21,730,228	3,384	2.29%
2018	2,023,325	14,526,873	16,550,198	2,556	1.78%
2017	2,153,325	15,768,196	17,921,521	2,740	1.94%
2016	2,285,293	16,989,454	19,274,747	2,934	2.10%
2015	2,403,777	18,191,382	20,595,159	3,088	2.31%
2014	2,517,261	1,029,050	3,546,311	523	0.40%

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 %
2023	**	**	**	652	2.7%
2022	6,527	\$ 52,428	\$ 342,198,000	630	3.1%
2021	6,530	51,892	338,854,000	628	3.8%
2020	6,561	46,641	306,014,000	693	7.5%
2019	6,422	44,647	286,722,000	715	3.9%
2018	6,474	46,413	300,479,000	729	3.9%
2017	6,540	42,427	277,471,000	826	4.8%
2016	6,570	40,139	263,711,000	837	5.3%
2015	6,670	41,141	274,412,000	867	5.1%
2014	6,781	37,750	255,985,000	934	6.7%

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 2023			Fiscal Year 2014	
	Employees	Rank	% of Total Employment	Employees	Rank
Dominion Virginia Power	500-999	1	33.80%	500-999	1
The Atlantic Group Inc.	250-499	2	16.90%	100-249	
Surry County School Board	250-499	3	16.90%	250-499	2
Surry County	100-249	4	7.89%	50-99	3
Virginia Department of Transportation	50-99	5	3.38%	50-99	4
Bhi Energy Services LLC	50-99	6	3.38%		
Windsor Mill	50-99	7	3.38%	20-49	7
The Surry Seafood Company	20-49	8	1.58%		
Dominion Resources	20-49	9	1.58%	20-49	11
Coggin Electric Specialists	20-49	10	1.58%	10-19	14
Surry County Department of Social Services	20-49	11	1.58%	20-49	8
Spring Grove Timber And Mat	20-49	12	1.58%		
Virginia Department of Conservation	20-49	13	1.58%	10-19	12
Glen Court	10-19	14	0.68%		
Dolgencorp LLC	10-19	15	0.68%		
S.W. Edwards and Sons				20-49	6
Fluor Daniel Services Corporation				20-49	9
Seward Lumber Company Inc.				20-49	10
Nicholas & Shelly Schorsch				10-19	13
Coggin Electric Specialists				10-19	14
Blaney Services				10-19	15

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General government:										
County Administration	4.0	4.8	4.0	4.0	3.3	3.9	3.9	3.9	4.0	4.0
County Attorney	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commissioner of the Revenue	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.7
Treasurer	4.0	4.0	4.7	3.7	3.7	3.7	4.0	4.0	4.6	5.2
Finance	4.0	5.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Resources	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information Technologies	3.6	3.6	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0
Registrar	2.0	2.0	1.6	1.6	1.6	1.6	1.6	1.6	1.4	1.4
Total General Government	24.8	22.6	17.5	16.5	15.8	15.4	15.7	15.7	16.2	17.3
Judicial Administration:										
Clerk of the Circuit Court	4.0	4.0	3.4	3.4	3.4	3.4	3.3	3.3	3.5	3.3
General District Court	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.0	2.0
Victim Witness	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5
Commonwealth Attorney	2.8	2.8	2.8	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Total Judicial Administration	10.1	10.1	9.5	8.7	8.7	8.7	8.6	8.6	7.5	7.3
Public Safety:										
Sheriff's Office	29.3	29.3	28.3	27.3	27.3	27.3	26.3	26.3	24.4	22.1
Fire and Emergency Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.1	2.1
Animal Control	3.0	2.6	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Total Public Safety	35.3	34.9	34.3	33.3	33.3	33.3	32.3	32.3	29.5	26.2
Public Works:										
Sanitation	12.1	12.1	12.1	13.4	14.4	14.4	14.4	12.7	10.0	4.4
Maintenance	6.0	7.0	7.0	6.0	4.7	4.7	4.7	4.7	5.0	5.6
Total Public Works	18.1	19.1	19.1	19.4	19.1	19.1	19.1	17.4	15.0	10.0
Office on Youth:										
Office on Youth	4.0	4.0	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6
Total Office on Youth	4.0	4.0	5.0	6.0	6.0	6.0	6.0	6.0	5.0	5.6
Health and Welfare:										
Social Services	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Total Health and Welfare	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Parks, Recreation and Cultural										
Parks and Recreation	5.0	5.0	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0
Total Parks, Recreation and Cultural	5.0	5.0	5.0	6.4	6.4	6.4	6.4	6.4	6.0	5.0
Community Development										
Planning/Environmental/Permitting	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.0	4.0
Economic Development	2.0	4.4	4.4	1.5	2.0	0.1	0.1	0.1	N/A	N/A
Tourism	2.0	0.0	0.0	1.6	N/A	N/A	N/A	N/A	N/A	N/A
Building Inspections	3.0	4.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Extension	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Total Community Development	15.0	16.4	14.4	12.1	11.0	9.1	9.1	9.1	9.0	10.0
Total	135.3	135.1	127.8	125.4	123.3	121.0	120.2	118.5	111.2	104.4

Source: Payroll Clerk

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

Table 14

		Fiscal Year									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety (1)	Number of calls answered	261	377	295	239	331	318	189	321	276	267
Community Development (2)	Residential building permits	370	365	295	233	307	219	217	255	208	172
	Commercial building permits	11	13	5	2	2	5	3	2	7	8
Parks & Recreation (3)	Program participants	13,744	7,768	986	14,592	20,150	20,144	19,850	19,850	18,500	18,500
Sewer (4)	Service connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	141	155	139
	Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120
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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sheriff's Office (1)										
Number of stations	1	1	1	1	1	1	1	1	1	1
Physical arrests	123	64	173	155	170	170	170	164	144	166
Patrol units	15	15	15	14	14	14	14	14	13	14
Volunteer Fire Departments (2)										
Companies	4	4	4	4	4	4	4	4	4	4
Stations	4	4	4	4	4	4	4	4	4	4
Parks and Recreation (3)										
Community Centers	1	1	1	1	1	1	1	1	1	1
Number of parks maintained	1	1	1	1	1	1	1	1	1	1
Park acreage owned by the County	100	100	100	100	100	100	100	100	100	100
Baseball/softball fields	2	2	2	2	2	2	2	2	2	2
T-ball fields	1	1	1	1	1	1	1	1	1	1
Soccer fields	5	5	5	5	5	5	5	5	5	5
Basketball courts	3	3	3	3	3	3	3	3	3	2
Library (4)										
Number of libraries	2	2	2	2	2	2	2	2	2	2
Public Utilities (4)										
Wastewater System										
Service connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	141	155	139
Average daily consumption in gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14,152	17,504	15,120
Miles of sewer main	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64	3.64
Component Unit - School Board (5)										
Number of elementary schools	1	1	1	1	1	1	1	1	1	1
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of secondary schools	1	1	1	1	1	1	1	1	1	1
Number of school buses	37	37	40	42	40	35	38	35	33	35

- 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, 2023, and the related notes to the financial statements, which collectively comprise County of Surry, Virginia's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Surry, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned cost as item 2023-001.

County of Surry, Virginia's Response to Findings

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Robinson, Farmer, Cox Associates". The signature is written in a cursive, flowing style.

Richmond, Virginia
December 13, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Surry, Virginia's compliance with the types of compliance requirements identified as subject to audit 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, 2023. County of Surry, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Surry, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

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

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 13, 2023

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Education:			
Public Health Emergency Response: Cooperative Agreement for Emergency Response:			
Public Health Crisis Response	93.354	NU90TP922153	\$ 16,887
Virginia Department of Health:			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	SURSST610-GY23	37,941
Virginia Department of Social Services:			
Guardianship Assistance	93.090	1110122/1110123	60
Title IV-E Prevention Program	93.472	1140122/1140123	2,409
Temporary Assistance for Needy Families	93.558	0400122/0400123	151,080
		0950121/0950122/	
Marylee Allen Promoting Safe and Stable Families Program	93.556	0950221	14,637
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	0500122/0500123	650
Low-Income Home Energy Assistance	93.568	0600422/0600423	30,953
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760122/0760123	35,250
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	255
Foster Care - Title IV-E	93.658	1100122/1100123	90,588
Adoption Assistance	93.659	1120122/1120123	29,009
Social Services Block Grant	93.667	1000122/1000123	190,929
		9150121/9150122/	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9152121	4,168
Elder Abuse Prevention Interventions Program	93.747	8000221/8000321	6,636
Children's Health Insurance Program	93.767	0540122/0540123	1,231
Medical Assistance Program (Medicaid Cluster)	93.778	1200122/1200123	161,950
Total Department of Health and Human Services			\$ 774,633
Department of Homeland Security:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
COVID-19 - Emergency Management Performance Grant	97.042	77501	\$ 5,574
Department of Justice:			
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	Unavailable	\$ 15,344
Crime Victim Assistance	16.575	Unavailable	85,771
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unavailable	1,449
Total Department of Justice			\$ 102,564
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Transportation:			
Virginia Department of Motor Vehicles			
State and Community Highway Safety (Highway Safety Cluster)	20.600	Unavailable	\$ 7,940
Department of the Defense:			
Direct Payments:			
Junior ROTC	12.U01	N/A	\$ 74,501
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Education:			
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202221N119941	\$ 14,752
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unavailable	1,109
Virginia Department of Agriculture and Consumer Services:			
Food Distribution - National School Lunch Program (Child Nutrition Cluster)	10.555	Unavailable	\$ 20,695

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture: (Continued)			
Virginia Department of Education:			
National School Lunch Program (Child Nutrition Cluster)	10.555	202221N119941/ 202222N119941/ 202222N89034/ 202322N89034/ 202323N11994	315,574 \$ 336,269
School Breakfast Program (Child Nutrition Cluster)	10.553	202221N119941/ 202222N119941/ 202323N119941	\$ 146,463
Total Child Nutrition Cluster			\$ 498,593
Child and Adult Care Food Program	10.558	202323N119941	6,896
Virginia Department of Agriculture and Consumer Services:			
Pandemic (P-EBT) Administrative Cost Grants	10.649	202222S900941	\$ 628
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	001022/0010123/ 0040122/0040123/ 0050122/0050123	319,759
Total Department of Agriculture			\$ 825,876
Department of Treasury:			
Pass Through Payments:			
Virginia Department of Accounts:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unavailable	\$ 50,000
Virginia Department of Education:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	85,496 \$ 135,496
Department of Education:			
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200046/ S010A210046	\$ 229,300
Special Education - Grants to States (Special Education Cluster)	84.027	H027A200107	210,547
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A200112	4,648
Total Special Education Cluster			\$ 215,195
Career and Technical Education - Basic Grants to States	84.048	V048A210046/ V048A220046	\$ 18,344
Supporting Effective Instruction State Grants	84.367	S367A210044	30,999
Student Support and Academic Enrichment Program	84.424	S424A190048	2,013
Education Stabilization Fund:			
COVID-19 - ARPA - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210008	\$ 327,645
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D200008/ S425D210008	42,721
Total 84.425			\$ 370,366
Virginia Commonwealth University:			
Supporting Effective Educator Development Program	84.423	Unavailable	50,000
Total Department of Education			\$ 916,217
Total Expenditures of Federal Awards			\$ 2,842,801

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, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the County of Surry, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Surry, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received or disbursed.

Note D - Subrecipients

No awards were passed through to subrecipients.

Note E - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

Note F - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,206,052
Total primary government	<u>\$ 1,206,052</u>

Component Unit School Board:

School Operating Fund	\$ 1,131,671
School Cafeteria Fund	505,488
Total component unit school board	<u>\$ 1,637,159</u>

Total federal expenditures per basic financial statements	\$ 2,843,211
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Less: Payment in Lieu of Taxes	<u>410</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 2,842,801</u></u>
-------------------------------------------------------------------------------	----------------------------

County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? ✓ yes no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

Type of auditors' report issued on compliance
for major programs: unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR section
200.516(a)? yes ✓ no

Identification of major programs:

Assistance Listing Number(s)

84.425
10.553/10.555/10.559

Name of Federal Program or Cluster

Education Stabilization Fund
Child Nutrition Cluster

Dollar threshold used to distinguish between type A
and type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ yes no

County of Surry, Virginia
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2023

Section II-Financial Statement Findings

2023-001 (material weakness)

Criteria:	Identification of material adjustments to the financial statements that were not detected by the entity's internal controls indicates that a material weakness exists.
Condition:	The financial statements did not contain all necessary adjustments to reconcile to the entity's internal documents to comply with generally accepted accounting principles (GAAP) due to bank accounts not being reconciled.
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Cause:	Internal controls were not in place over financial reporting and bank reconciliations were not completed accurately.
Recommendation:	The County should implement steps and controls to improve its bank reconciliation process by ensuring timely (monthly) and accurate reconciliations completed by and reviewed by personnel with appropriate training and experience.
Management's Response:	The County is taking corrective action for FY24.

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, 2023

There were no prior year findings.

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