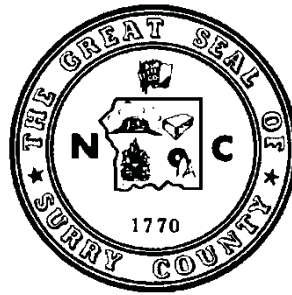


COUNTY OF SURRY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2019

**Finance Officer
Rhonda Nixon**

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
GFOA Certificate of Achievement for Excellence in Financial Reporting	i
Letter of Transmittal	ii-ix
Organizational Chart	x
List of Principal Officials	xi
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-16
<u>Exhibit</u>	
Government-Wide Financial Statements:	
1 Statement of Net Position	17-18
2 Statement of Activities	19
Fund Financial Statements:	
3 Balance Sheet - Governmental Funds	20-21
4 Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
5 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23
6 General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	24
7 Statement of Net Position - Proprietary Funds	25-26
8 Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	27-28
9 Statement of Cash Flows - Proprietary Funds	29-32
10 Statement of Fiduciary Net Position - Fiduciary Funds	33
Notes the Financial Statements	34-79

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplemental Financial Data:	
A-1	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered Payroll	80
A-2	Other Post-Employment Benefits - Schedule of Changes in Total OPEB Liability and Related Ratios	81
A-3	Local Government Employees' Retirement System - Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	82
A-4	Local Government Employees' Retirement System - Schedule of County Contributions	83
A-5	Registers of Deeds' Supplemental Pension Fund - Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)	84
A-6	Registers of Deeds' Supplemental Pension Fund - Schedule of County Contributions	85
	Supplementary Information:	
	General Fund:	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund Consolidated	86
B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	87-104
B-3	Schools Capital Outlay Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
B-4	Revaluation Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
B-5	Capital Improvement Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
	Other Major Governmental Funds:	
B-6	Schools Capital Project Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	108-109
B-7	County Buildings Capital Project Fund Schedule of Revenues and Expenditures Budget and Actual	110
	Nonmajor Governmental Funds:	
C-1	Combining Balance Sheet - Nonmajor Funds	111
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -Special Revenue Funds - Nonmajor Funds	112
C-3	Fire Districts Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	113
C-4	School Districts Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	114
C-5	Emergency Telephone 911 Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	115
C-6	Grants Project Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	116
	Enterprise Funds:	
D-1	Landfill Fund - Major Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	117-118
D-2	Landfill Capital Project Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	119

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
D-3	Flatrock/Bannertown Water and Sewer District - Major Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	120
D-4	Interstates Water and Sewer District - Major Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	121
D-5	Mt. Airy/Surry County Airport Fund - Major Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	122
D-6	Airport Capital Project Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	123
D-7	Elkin Area Water and Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	124
	Agency Funds:	
E-1	Combining Statement of Changes in Assets and Liabilities	125-126
	Other Schedules:	
F-1	Schedule of Ad Valorem Taxes Receivable General Fund	127
F-2	Analysis of Current Tax Levy	128
F-3	Analysis of Current Tax Levy County-Wide Levy	129
<u>Table</u>	STATISTICAL SECTION	
1	Net Position by Component	130-131
2	Changes in Net Position	132-133
3	Fund Balances of Government Funds	134-135
4	Changes in Fund Balances of Governmental Funds	136-137
5	Governmental Revenue by Source	138-139

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

<u>Table</u>		<u>Page</u>
6	Governmental Expenditures by Function	140-141
7	Governmental Activities Tax Revenues by Source	142
8	Property Tax Levies and Collections	143
9	Property Tax Rates - Direct and Overlapping Governments	144
10	Property Tax Rates - Overlapping Fire Districts	145
11	Assessed Value and Estimated Actual Value of Taxable Property	146
12	Principal Property Taxpayers	147
13	Ratios of Outstanding Debt by Type	148
14	Ratios of General Bonded Debt Outstanding	149
15	Legal Debt Margin Information	150-151
16	Direct and Overlapping Governmental Activities Debt	152
17	Principal Employers	153
18	Demographic and Economic Statistics	154-155
19	Full-Time Equivalent County Government Employees by Function	156-157
20	Operating Indicators by Function	158-159
21	Capital Asset Statistics by Function	160-161
 COMPLIANCE SECTION		
	Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	162-163
	Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance; And The State Single Audit Implementation Act	164-165

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Report On Compliance For Each Major State Program; Report On Internal Control Over Compliance; In Accordance With The Uniform Guidance; And The State Single Audit Implementation Act	166-167
Schedule of Findings, Responses, and Questioned Costs	168-171
Corrective Action Plan	172
Schedule of Prior Year Audit Findings	172
Schedule of Expenditures of Federal and State Awards	173-176

INTRODUCTORY SECTION



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Surry
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**COUNTY OF SURRY,
NORTH CAROLINA**

February 21, 2020

To the Honorable Members of the Governing Board and the Citizens of the County of Surry:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Surry for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the County of Surry. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the management of the County of Surry has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of Surry's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of Surry's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County of Surry's financial statements have been audited by Gould Killian CPA Group, P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County of Surry for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County of Surry's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County of Surry was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the County of Surry’s Comprehensive Annual Financial report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of Surry’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County of Surry was organized in 1770 and is located in the northwestern part of the state, in the Piedmont region. It was named for the County of Surrey in England, birthplace of William Tryon, Governor of North Carolina from 1765 to 1771. The county, which measures approximately 23 miles from north to south and 23 to 29 miles from east to west, encompasses approximately 539 square miles. The County of Surry serves a population of 71,948. It is bounded on the north by Grayson, Carroll and Patrick Counties, Virginia; on the east by Stokes and Forsyth Counties; on the south by Yadkin County; and on the west by Alleghany and Wilkes Counties. The county seat was once housed in Rockford. Due to growth and additional counties being formed, the county seat was moved to The Town of Dobson in 1851. The county seat is situated geographically in the center of the county, and is located approximately 150 miles northwest of the City of Raleigh and 100 miles north of the City of Charlotte. Other municipalities in the county include Mount Airy, Elkin and Pilot Mountain. The County of Surry is divided into fifteen townships.

The County of Surry is governed by a Board of Commissioners (the “Board”) consisting of five members elected on a partisan basis for four-year staggered terms. The Board takes office on the first Monday in December following each election, at which time the Board elects a chairman and vice-chairman from among its members. The chairman and the vice-chairman serve one-year terms, and are elected annually during the first meeting of the Board in December.

The Board of Commissioners is charged with the responsibility of governing the county by complying with the North Carolina General Statutes, adopting local ordinances, adopting an annual budget, and establishing local annual property tax rates. The Board also appoints the County Manager, department heads, and members of various boards and commissions. Additionally, the Board has authority to call bond referendums, enter into contracts, and establish new programs.

The County Manager is the Chief Administrative Officer of the County and serves at the pleasure of the Board. The major responsibilities of the County Manager include

supervising and coordinating the activities of county departments, attending Board meetings, making recommendations on appropriate matters of business, and preparing and recommending an annual budget. The County Manager also ascertains that all orders and policies of the Board are implemented and represents the county in business with other agencies.

The County of Surry provides its citizens with a wide range of services that include public safety, health and social services, solid waste, cultural and recreational activities, general administration, and others. This report includes all the county's activities in maintaining these services. The county also extends financial support to certain boards and agencies to assist their efforts in serving citizens. Among these are the Boards of Education of Surry County Schools, Mount Airy City Schools, and Elkin City Schools.

The annual budget serves as the foundation for the County of Surry's financial planning and control. The budget is a legally adopted document that incorporates input from the citizens of Surry County, the management of the county, and the decisions of the Board about which services to provide and how to pay for them. All departments and agencies of the County of Surry are required to submit requests for appropriation to the County Manager. The County Manager uses these requests as the starting point for developing a proposed budget. The County Manager then presents this proposed budget to the Board of Commissioners for review. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than July 1. The appropriated budget is prepared by fund and department. The County Manager is authorized to adjust approved budget appropriations within a department in order to provide compliance with North Carolina General Statutes; however, any revisions that alter total expenditures of any department by an amount exceeding \$10,000 must be approved by the governing board.

In government, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. All funds are budgeted at the departmental or project level. However, for internal accounting purposes, budgetary control is maintained by object class (line item account). The budget shown in the financial statements is the budget ordinance as amended at the close of the day on June 30, 2018. The budgetary statement provided for the General Fund demonstrates how well the county complied with the budget ordinance and whether or not the county succeeded in providing the services as planned when the budget was adopted.

As required by N.C. General Statute 159-26(d), the county maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Local Economy

Surry County is an excellent county for one to work and live. Surry County offers a wide array of business opportunities, while maintaining its small town charm and scenic beauty. Each of the county's municipalities is known for a wide array of unique opportunities for both business and recreational activities. Pilot Mountain is a well-known landmark providing hiking, camping, and bicycling opportunities while hosting spectacular views of the surrounding area. Pilot Mountain offers easy access via Highway 52, a highway stretching 2,072 miles running the northern, eastern, and southeastern regions of the United States. Mount Airy, Surry County's largest municipality, boasts one of North Carolina's Best Main Streets and offers an opportunity to go back to a slower pace, reminiscent of the TV show that mirrored this way of life. Elkin is the center of the Yadkin Valley wine country and offers distinct downtown dining and experiences, as well as many outdoor activities. The Yadkin Valley is North Carolina's first federally-recognized American Viticultural Area (AVA). Dobson is the county seat of Surry County and offers a small-town feel, with a quaint downtown. It is also home to Surry Community College which is ranked as one of the 10 best community colleges in North Carolina. Dobson is also home to the beautiful Kapps Mill located on the Mitchell River. It was formerly a grist mill providing a dam, a mill, post office, and general store. Surry County is well known for its vast scenic beauty and great hospitality. It is a way of life that Surry County citizens have come to know and are truly proud of it. Dedication to the continual improvement of communities is obvious upon seeing the hospitals, industries, schools, and churches which prosper in Surry County. Well-maintained farms, dairy, and poultry enterprises also illustrate the significance of the county's agricultural economy.

Surry County's economy has been improving and is recovering from the massive manufacturing and private sector job losses over the past ten years that was primarily attributed to the textile, apparel, and furniture industries. Although we are still recovering the lost jobs, we are gaining new companies and employment is growing. The unemployment rate for Surry County in August 2018 was 3.8% compared to 4.3% in August 2017. The unemployment rate continues to decline and remain low. Our workforce participation rate continues to grow as more people return to the workforce and find employment. Our Surry County average wage also continues to increase from year to year. According to the Bureau of Labor Statistics, the average weekly wage for Surry County was \$748 as of December 2018.

The county is starting to show signs that its economy is improving. This is a slow process, but the continued diversification of its economic base is laying the foundation for a more stable economy in the future. The balance of tourism, agriculture, small business growth, expanding industries, and new industries and businesses, will set the economic foundation of Surry County's economy. These economic sectors are important to the continued repair and growth of Surry County's economy. Surry County is no different than many other communities struggling with job losses during this most recent economic down-turn. However, Surry County has continued to retain existing businesses, remained focused on education and continued to offer exciting opportunities to new businesses.

In late 2018 and early 2019, Surry County experienced a number of positive economic development announcements. SPX Corporation purchased an existing facility in Pilot Mountain, will invest \$2.5 million and create 15 new jobs. Bottomley Enterprises announced it would relocate its operations in Alleghany County to an area outside of Mount Airy adjacent to Interstate 77, invest \$13 million and create 100 new jobs. Terra Nova Legacy LLC announced it would construct a new headquarters in Mount Airy, invest \$500,000 and create up to 30 new jobs. Finally, the Surry Rural Health Center was established in the northwestern portion of the county with a \$500,000 investment and the creation of five new jobs.

A major challenge in managing the transition away from an economy dependent upon the textile and apparel industries is the educational level of the workforce. Surry Community College and our area K-12 school systems are working to provide education and training, thus offering Surry County citizens and companies tools to close any skill gap that may exist. Surry Community College has a great relationship with local economic development organizations and is one of our greatest economic development assets that have played a key role in the rebuilding of the county's economy.

Surry Community College, in partnership with private business, has taken a leadership position in supporting the growth of the state's burgeoning wine industry. The NC Center for Viticulture and Enology is at the College's main campus in Dobson. The center is a focal point for both education and economic development for the Yadkin Valley Wine Region and supports the wine industry across North Carolina.

Overall income from agricultural commodities in 2018 is estimated at \$274,941,775, a decrease of just over \$26 million from 2017. Poultry and egg production remained the largest income-producing agricultural commodity with an estimated \$156,689,814 attributable to it. Income from all field crops totaled \$27,585,700 a decrease of almost \$1.3 million. Tobacco is still the largest field crop income; flue-cured and burley income was \$10,835,450. Livestock (beef cattle, dairy cattle, hogs, sheep, lambs and other livestock) decreased by just over \$4.97 million over the previous year due to lower prices received in the beef cattle market with an estimated 2018 income of \$70,823,800. Horticultural and forestry income accounted for \$19,842,461 of farm income, the only group to show an increase. Much of the difference in income is due to increased production costs, trade and tariffs.

Current Programs and Long Term Planning

Education: The Board of County Commissioners continues to make public education one of its highest priorities. During FY 2018-19, the Board appropriated \$1,160 per pupil for schools' current expense. The Commissioners have continued to work with the three school boards to meet the building needs of the systems. Construction and renovation projects are currently underway for the three school systems.

Land Use Planning: The Surry County Land Use Plan, originally adopted by the county in September 2000, and has been updated three times since: in October 2006, in September 2012, and in November 2019. The policies set forth in the Land Use Plan have been

approved and enacted by the Board of County Commissioners, as authorized by the General Statutes of North Carolina. They exist to direct and assist officials of the County in guiding and encouraging responsible land development and growth while preserving property values and quality of life. These policies also provide protection for residents and landowners from the potentially harmful impacts of incompatible development near their homes and properties. On September 17, 2001, the County Commissioners achieved a major land-use planning goal when they adopted the county's first countywide zoning ordinance, as a tool to regulate future growth and development. The Commission has found that its zoning and subdivision ordinances are effective means of implementing adopted plans and managing the physical growth of the County. The county continues to develop and administer its land use ordinances and other programs designed to encourage and enhance economic and community growth, according to the evolving needs and desires of its citizens.

Human Services: During the fiscal year, the County Commissioners fully funded the county's share of mandated public assistance programs, including Special Assistance, Foster Care and Adoption Assistance. In addition, funding was provided to support the provision of mandated services, including Work First, Child Welfare Services, Services to Older and Disabled Adults, Guardianship Services, Food & Nutrition Services, Child Support Enforcement, Subsidized Child Care, Medicaid, N.C. Health Choice, Low Income Energy Assistance Program, Crisis Intervention Program, and Medicaid Transportation.

The Surry County Health & Nutrition Center takes pride in its ability to perform essential public health functions (assessment, assurance, and policy development) at high level of quality. Our agency was recently Re-Accredited with Honors due to our capacity to provide services that ensure the health of the Surry County residents. In addition, our Pediatric Clinic has reached the status of Level III Patient-Centered Medical Home through the National Committee for Quality Assurance (NCQA). This certification focuses on standards that must be provided to ensure the protection of the health of the public but does not limit the services or activities an agency may provide to address specific local needs. The Surry County Health & Nutrition Center remains the leading public health authority in the county and will continue to provide high quality medical and preventative care through clinics and outreach programs.

Recreation: The Surry County Parks and Recreation Department has focused on working with the community recreation centers and youth athletic associations. Initiatives have been enacted on greenways, blueways, and river access points specifically dedicated to canoeing and fishing opportunities. Parks and Recreation has been working on efforts to increase the number of canoe accesses throughout the county. The department will also continue efforts to work on the Yadkin Valley Heritage Corridor.

Public Works: The County operates its own municipal solid waste landfill and offers several years of space which gives our residents many years of continued service at the landfill in Mount Airy. The facility is operated under the laws, regulations, and statutes of the State of North Carolina. Solid Waste Management Fees for the 2018-2019 fiscal year budget were \$45 per ton for commercial waste. The residential landfill availability fees were \$3.50 per month. This fee is billed annually at \$42. The Public Works Department operates and provides staff for 13 convenience centers for recycling and the collection of

household trash. The department provides a recycling distribution area at the landfill for baling and shipping of material that has been brought to the centers. The department, along with assistance from the North Carolina Cooperative Extension Office, provides a household hazardous waste (HHW) collection day for the residents of Surry County. This event is held on the fourth Saturday of October each year at Veterans Park in Mount Airy, NC. The department not only provides cages for plastic and cardboard at all the county schools, but is also responsible to pick up the material. The department also provides trash containers at the Fisher River Park and picks up recyclables at all county buildings. The department is also responsible to make and install all county road signs. The department has implemented a Methane Gas to Energy Project that has generated over 75 million gross kilowatt-hours of energy since July 2013.

General Government: The Board of Elections successfully provided One-Stop early voting centers throughout the county as a convenience for voters. The Board has modified the number of sites offered over the years to accommodate early voters within state mandated guidelines. The hours and dates of operation have changed due to legislation, requiring more part-time employees working in shifts to meet the demand. Fifty percent or more of our electorates cast their ballots at an early voting site; a trend we expect will continue to grow. Other ever-changing factors are state laws requiring upgraded cyber security measures, the implementation of photo ID for voting and voting equipment replacement

Surry County has a financial transparency portal that is available to the public on the County's website. The public can view the current year's financial data as well as the past three years as well as budget reports and prior Comprehensive Annual Financial Reports.

Relevant Financial Policies

The total unassigned General Fund balance as of June 30, 2019 was \$12,501,191 while total fund balance was \$43,155,246. Unassigned fund balance represents 16.4% of total General Fund expenditures consequently; the total fund balance represents 56.6% of expenditures.

Major initiatives

The Mount Airy/Surry County Airport's project has extended the runway from 4,300 to 5,500 ft. It is designed to improve safety and position the Airport to better support economic development initiatives. The project is jointly funded by Surry County, NC Department of Transportation, and the Federal Aviation Administration. Construction is currently underway on a corporate hangar and infrastructure for future expansion of the airport.

During the 2018-2019 fiscal year, Limited Obligation Bonds were issued for three elementary schools in the Surry County School system (i.e. Dobson, Franklin, Mountain Park).

Efforts are currently underway for future debt issuances revolving around the planned Jail/Law Enforcement/911 Center and the Elkin High School Gymnasium project.

Expansion of the Landfill is underway along with the construction of a new Scale House/Office building.

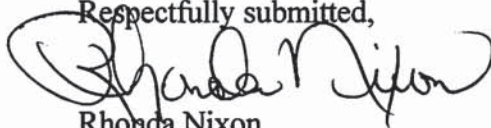
Awards and Acknowledgements

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 of Surry, North Carolina for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed in the preparation of this report. Credit also must be given to the Board of County Commissioners for their interest in the financial operations of Surry County and for unfailing support in maintaining the highest standards of professionalism in the management of the County's finances. Special thanks are due to Gould Killian CPA Group, P.A. for their contributions and support.

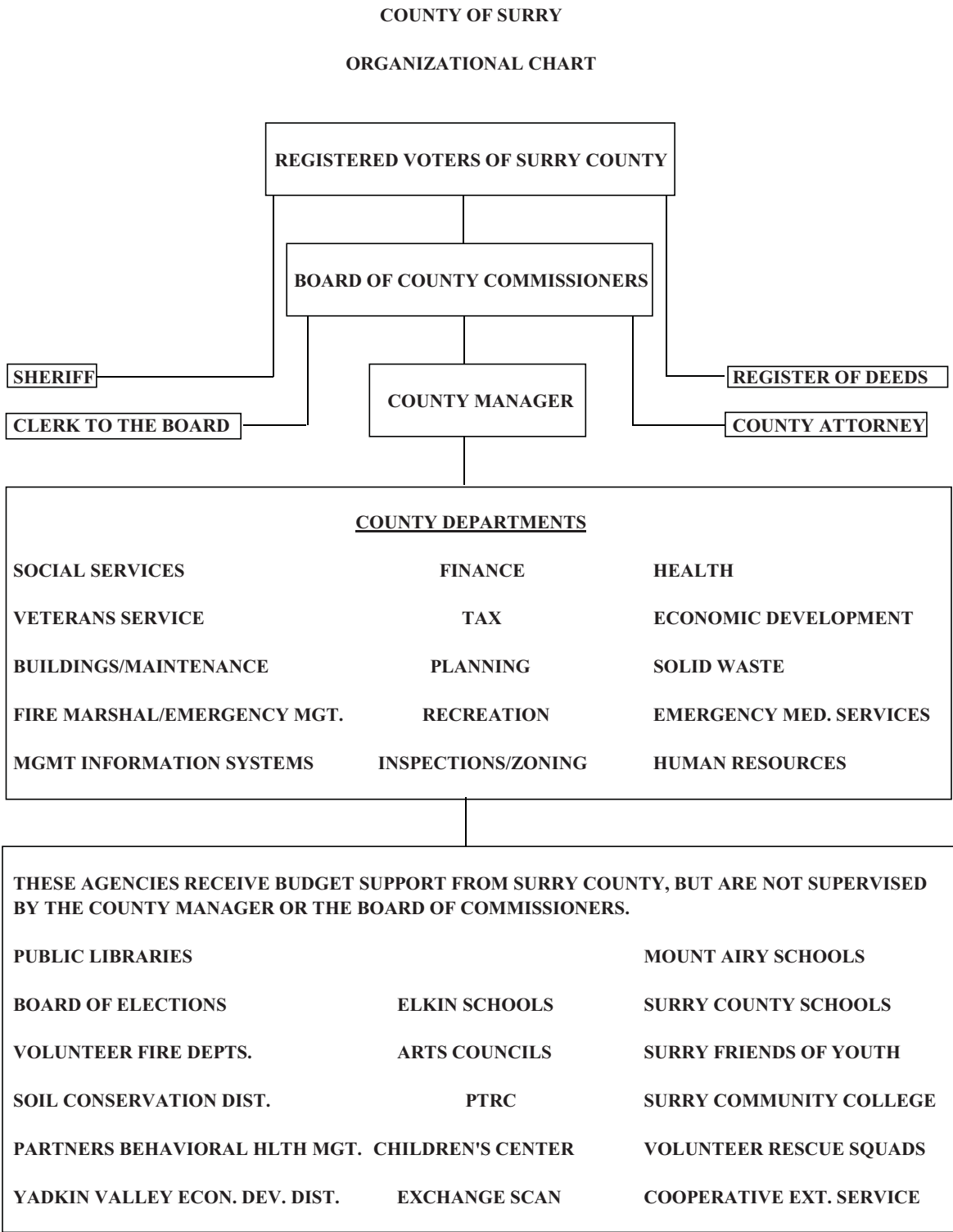
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rhonda Nixon', is written over the printed name.

Rhonda Nixon
Finance Officer

Organizational Structure

Surry County is organized on a departmental structure basis. An organizational chart of the County government is shown as follows:



COUNTY OF SURRY, NORTH CAROLINA

BOARD OF COMMISSIONERS

Van Tucker

Chairman

Larry Johnson

Vice-Chairman

Eddie Harris

Mark Marion

Bill Goins

COUNTY STAFF

Chris M. Knopf

County Manager

Sandra Snow

Assistant County Manager,
Interim Clerk to the Board

Rhonda Nixon

Budget & Performance Director
(Current) Finance Officer

Sarah M. Bowen

(Former) Finance Officer

Carolyn Comer

Register of Deeds

Steve Hiatt

Sheriff

Susan Jarrell

Board of Elections Director

John Q. Shelton, III

Emergency Services Director

Don Mitchell

Facilities Director

Samantha Ange

Health Director

Johnny Easter

Development Services Director

Daniel White

Parks and Recreation Director

Jessica Montgomery

Public Works Director

Kristina Preston

Social Services Director

Mike Scott

Veterans Services Office Director

Penny Harrison

Tax Administrator

Mark Willis

Opioid Response Director

Edwin M. Woltz

County Attorney

FINANCIAL SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Commissioners
Surry County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Surry County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Surry County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Surry County, North Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-16, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 80, the Other Post-Employment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios on page 81, the Local Government Employees' Retirement System Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 82-83, and the Register of Deeds' Supplemental Pension Fund Schedules of County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on pages 84-85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Surry County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling

such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of Surry County'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 the report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Surry County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 21, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Surry County, we offer readers of Surry County’s financial statements this narrative overview and analysis of the financial activities of Surry County for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County’s financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of Surry County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$104,079,748 (*net position*).
- The County’s total net position increased by \$4,234,520 primarily attributable to increased net position in the General Fund.
- As of the close of the current fiscal year, Surry County’s governmental funds reported combined ending fund balance of \$69,000,180, after a net increase of \$22,869,355 from the prior year, mainly due to approximately \$25,000,000 of limited obligations bonds issued. Approximately 59% of the governmental fund balance, or \$41,009,652, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$33,342,670, or 43%, of total General Fund expenditures and transfers out for the fiscal year.
- During the current fiscal year, Surry County made debt principal payments of \$5,929,762.
- The County holds the following bond ratings:

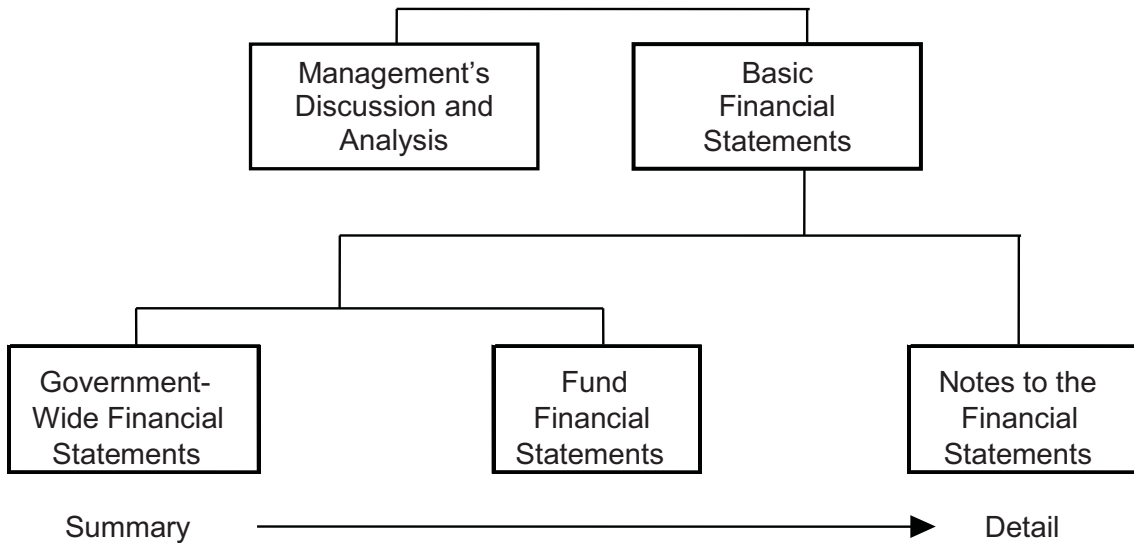
Moody’s	Aa2
Standard & Poor’s	AA-

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Surry County’s basic financial statements. Surry County’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the fiscal condition of Surry County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

The first two statements, Exhibits 1 and 2, in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

The next statements, Exhibits 3 through 10, are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

The final section of the basic financial statements is the **Notes to the Financial Statements**. The notes offer a detailed examination about various information contained in the statements. Following the notes, **supplemental information** provides details of the County's nonmajor governmental funds that are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Surry County's finances, in a manner similar to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

Both of the government-wide financial statements distinguish functions of Surry County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Surry County include general government, public safety, public education, human services, cultural and recreation, economic development, and general administration. The business-type activities of Surry County are the solid waste (landfill) operation, water/sewer operations, and the airport authority operation.

The government-wide financial statements include not only Surry County itself (known as the primary government), but also the Flat Rock/Bannertown Water and Sewer District, the Interstates Water and Sewer District, and the Mount Airy/Surry County Airport Authority, for which Surry County is financially accountable. The Surry County Board of Commissioners also serves as the governing body of water and sewer districts. The County Commissioners comprise 5 of the 7 members of the Mount Airy/Surry County Airport Authority Board. The districts and airport authority are presented as blended component units, as if they were enterprise funds of the County.

The government-wide financial statements can be found at Exhibits 1 and 2 of this report.

FUND FINANCIAL STATEMENTS

The Fund Financial Statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Surry County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Surry County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are

reported using an accounting method called modified accrual accounting, which provides a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Surry County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Surry County maintains one type of proprietary fund, specifically enterprise funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Surry County uses enterprise funds to account for its solid waste (landfill) operations, water/sewer districts, and airport authority. These enterprise funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The proprietary fund financial statements provide separate information for solid waste operations, water/sewer operations, and airport authority.

Fiduciary Funds. Fiduciary funds are used to account for assets the County holds on behalf of others. The County has six fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the exhibits of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Surry County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplemental information can be found beginning immediately after the footnotes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position, over time, may serve as a useful indicator of a government's financial position. For Surry County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$104,079,748 at the close of the most recent fiscal year. The County's net position increased by \$4,234,520 as of June 30, 2019.

By far, the largest portion (79%) of Surry County's net position reflects the County's net investment in capital assets and construction in progress (e.g., land, buildings, machinery, and equipment). Surry County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Surry County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 16% of Surry County's net position represents resources that are subject to external restriction on how they may be used. The majority of restricted net position is reserves by the County for future repayment of education-related debt.

Surry County's Net Position
Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 73,545,739	\$ 49,395,218	\$ 8,426,670	\$ 2,651,763	\$ 81,972,409	\$ 52,046,981
Capital assets, net	66,077,615	70,494,151	33,846,613	28,189,198	99,924,228	98,683,349
Construction in progress	<u>8,731,934</u>	<u>3,078,000</u>	<u>6,222,294</u>	<u>8,749,031</u>	<u>14,954,228</u>	<u>11,827,031</u>
Total assets	<u>148,355,288</u>	<u>122,967,369</u>	<u>48,495,577</u>	<u>39,589,992</u>	<u>196,850,865</u>	<u>162,557,361</u>
Total deferred outflows of resources	<u>6,907,933</u>	<u>4,429,752</u>	<u>138,961</u>	<u>88,529</u>	<u>7,046,894</u>	<u>4,518,281</u>
Long-term liabilities outstanding	73,037,188	56,169,605	13,360,538	6,870,763	86,397,726	63,040,368
Other liabilities	<u>9,306,549</u>	<u>2,231,634</u>	<u>1,945,631</u>	<u>53,460</u>	<u>11,252,180</u>	<u>2,285,094</u>
Total liabilities	<u>82,343,737</u>	<u>58,401,239</u>	<u>15,306,169</u>	<u>6,924,223</u>	<u>97,649,906</u>	<u>65,325,462</u>
Total deferred inflows of resources	<u>2,114,266</u>	<u>1,861,320</u>	<u>53,839</u>	<u>43,632</u>	<u>2,168,105</u>	<u>1,904,952</u>
Net Position:						
Net investment in capital assets	46,775,075	44,160,354	35,582,192	34,113,559	82,357,267	78,273,913
Restricted	16,835,965	14,212,002	-	-	16,835,965	14,212,002
Unrestricted	<u>7,194,178</u>	<u>8,762,206</u>	<u>(2,307,662)</u>	<u>(1,402,893)</u>	<u>4,886,516</u>	<u>7,359,313</u>
Total net position	<u>\$ 70,805,218</u>	<u>\$ 67,134,562</u>	<u>\$ 33,274,530</u>	<u>\$ 32,710,666</u>	<u>\$ 104,079,748</u>	<u>\$ 99,845,228</u>

From the previous year, Surry County's governmental activities net position increased by \$3,670,656. The County began construction on four school capital projects that increased capital assets' construction in progress by approximately \$5,654,000. Total Deferred Outflows of Resources increased by \$2,478,181, from last year. This was primarily due to capital asset activity. During the year, the County issued new governmental activity limited obligation bonds totaling \$22,380,000 to fund construction and repairs on school renovation/construction.

Net position for business-type activities increased by \$563,864. Capital assets increase for the airport due to ongoing construction projects with the majority funded with aviation grants. The landfill started construction on Phase IV Expansion which includes cell expansion and a new scale house. New installment debt of \$6,690,000 was attained to fund the expansion project for the landfill.

Surry County's Changes in Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 10,816,943	\$ 9,549,655	\$ 3,653,860	\$ 3,470,881	\$ 14,470,803	\$ 13,020,536
Operating grants and contributions	10,515,883	10,458,802	141,122	176,429	10,657,005	10,635,231
Capital grants and contributions	1,599,620	1,293,755	1,133,653	4,068,209	2,733,273	5,361,964
General revenues:						
Property taxes	41,197,300	38,460,082	-	-	41,197,300	38,460,082
Local option sales tax	19,165,264	18,066,003	-	-	19,165,264	18,066,003
Grants and contributions, not restricted to specific programs	1,301,035	1,359,794	-	-	1,301,035	1,359,794
Other	1,599,814	1,035,115	87,122	3,121	1,686,936	1,038,236
Total revenues	<u>86,195,859</u>	<u>80,223,206</u>	<u>5,015,757</u>	<u>7,718,640</u>	<u>91,211,616</u>	<u>87,941,846</u>
Expenses:						
General government	11,280,638	9,923,986	-	-	11,280,638	9,923,986
Public safety	25,013,591	22,331,720	-	-	25,013,591	22,331,720
Economic and physical development	2,533,418	1,980,683	-	-	2,533,418	1,980,683
Human services	17,022,927	16,042,813	-	-	17,022,927	16,042,813
Cultural and recreational	1,340,292	1,247,066	-	-	1,340,292	1,247,066
Education	21,623,543	21,193,194	-	-	21,623,543	21,193,194
Interest and fees	1,334,003	1,128,393	221,509	117,488	1,555,512	1,245,881
Landfill operations	-	-	3,485,798	3,324,826	3,485,798	3,324,826
Water and sewer	-	-	456,136	386,156	456,136	386,156
Airport operations	-	-	647,073	566,362	647,073	566,362
Total expenses	<u>80,148,413</u>	<u>73,847,855</u>	<u>4,810,516</u>	<u>4,394,832</u>	<u>84,958,929</u>	<u>78,242,687</u>
Change in net position before special item and transfers	6,047,446	6,375,351	205,241	3,323,808	6,252,687	9,699,159
Special item	(2,018,167)	(3,454,333)	-	-	(2,018,167)	(3,454,333)
Transfers	(358,623)	(427,358)	358,623	427,358	-	-
Change in net position	3,670,656	2,493,660	563,864	3,751,166	4,234,520	6,244,826
Net position, beginning	<u>67,134,562</u>	<u>64,640,902</u>	<u>32,710,666</u>	<u>28,959,500</u>	<u>99,845,228</u>	<u>93,600,402</u>
Net position, ending	<u>\$ 70,805,218</u>	<u>\$ 67,134,562</u>	<u>\$ 33,274,530</u>	<u>\$ 32,710,666</u>	<u>\$ 104,079,748</u>	<u>\$ 99,845,228</u>

Governmental Activities. Of total net position, governmental activities accounted for \$70,805,218 (68%). Charges for services (\$10,816,943) and local option sales taxes (\$19,165,264) funded a combined \$29,982,207 (35%) of the County's governmental activity revenues. Only property taxes (\$41,197,300) provided a higher source of revenue (48%). Operating grants and contributions funded \$10,515,883 of Surry County's governmental activities.

Several particular aspects of the County's financial operations influenced the increase in net position:

- Continued diligence in the collection of property taxes by maintain a collection percentage of 98.94%.
- Tax collections increased from the prior year by \$2,737,218.
- Charge for services increased by \$1,267,288 from the prior year.

Business-Type Activities. Business-type activities increased Surry County's net position by \$563,864. There were several factors that affected the increase of net position.

Key elements of the net position increase of Surry County's business-type activities are:

- Grant revenue decreased from the prior year due to the completion of airport projects from prior years.
- Rate increases in the water and sewer funds can be attributable for the increase in charge for services.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Surry County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Surry County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance available for appropriation may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Surry County. At the end of the current fiscal year, the County's available fund balance in the General Fund was \$33,342,670, while total fund balance reached \$43,155,246. The County currently has an available fund balance of 43% of General Fund expenditures, while total fund balance represents 56% of that same amount. The County's fund balance policy was adopted January 17, 2017, and states that undesignated fund balance should exceed eight percent of yearly expenditures. The County currently has unassigned fund balance of \$12,501,191, which is 16.4% of yearly expenditures.

As of the end of the current fiscal year, Surry County's governmental funds reported combined ending fund balances of \$69,000,180, a 50% increase (\$22,869,355) over last year. The primary reason for this increase is the fund balance in the School Capital Project Fund.

Key factors in this increase are as follows:

- Other financing source of new debt issuance proceeds of \$22,380,000 issued during 2019 for school capital projects.
- The increase of \$1,462,517 in committed fund balance for capital improvements in the General Fund.

Other governmental funds include special revenue and capital project funds. These funds reflected a combined fund balance of \$25,844,934 at June 30, 2019. This amount increased \$20,745,027 as compared to the previous year. The increase is primarily attributable to the proceeds from the issuance of debt for capital projects.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Amendments to the General Fund increased revenues by \$1,408,753 and increased budgeted fund balance by \$1,440,199.

The majority of the amendments were attributable to restricted intergovernmental revenue and the sale of land. These revenue increases also resulted in similar amendments to expenditures. The expenditure increases occurred in general government, economic and physical development, and human services.

Following are the primary components of the increase:

- \$500,000 funding from sale of land to be used for the School Capital Project Fund.
- \$485,513 in additional clean water grant funding for stream restoration.
- \$349,983 in additional funding for various Health programs.

There were smaller amendments made throughout the fiscal year to numerous other general fund budgets; these amounts were insignificant (per budget) to list.

Proprietary Funds. Surry County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Landfill Fund at the end of the year totaled \$2,148,871. Of this total, \$5,424,897 was the net investment in capital assets; therefore, the fund had a deficit of (\$3,276,026) in unrestricted net position. The Flat Rock/Bannertown Water and Sewer

District Fund had net position at the end of the year of \$2,631,974. Of this total, \$2,583,178 was the net investment in capital assets; therefore, the fund had \$48,796 in unrestricted net position. The Interstates Water and Sewer District had net position at the end of the year of \$6,423,213. Of this total, \$5,706,760 was the net investment in capital assets and the fund had \$716,453 in unrestricted net position. The Mount Airy/Surry County Airport Authority Fund had net position at the end of the year of \$21,388,928. Of this total, 21,188,324 was the net investment in capital assets and the fund had \$200,604 in unrestricted net position. The Elkin Area Water and Sewer Fund had net position of \$681,544. Of this total, \$679,033 was the net investment in capital assets; therefore, the fund had \$2,511 in unrestricted net position.

CAPITAL ASSET AND DEBT ADMINISTRATION

- **Capital Assets.** Surry County's investment in capital assets for its governmental and business-type activities, as of June 30, 2019, amounts to \$114,878,456 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery, and equipment. The total increase in Surry County's investment in capital assets for the current fiscal year was 4% (a 2% increase for governmental activities and an 8% increase for business-type activities).

Major capital asset transactions during the year include:

Business-Type Activities:

- The landfill began new construction that increased assets by \$1,849,655.
- The Mount Airy/Surry County Airport Authority had new construction during the year of \$1,798,150 and completed prior projects that were transferred to land improvements in the amount of \$4,324,887.
- Net capital assets increased by \$3,130,678.

Governmental Activities:

- The four school capital projects and the completion of the Historic Courthouse renovation increased capital assets by \$5,653,934.
- The County disposed of land that had been purchased for economic development that decreased land values by \$786,500.
- A payoff of a school-related debt resulted in deeding a school building and land back to the school system. This resulted in a decrease of net capital assets of \$3,113,261.

**Surry County's Capital Assets
(net of depreciation)**

Figure 4

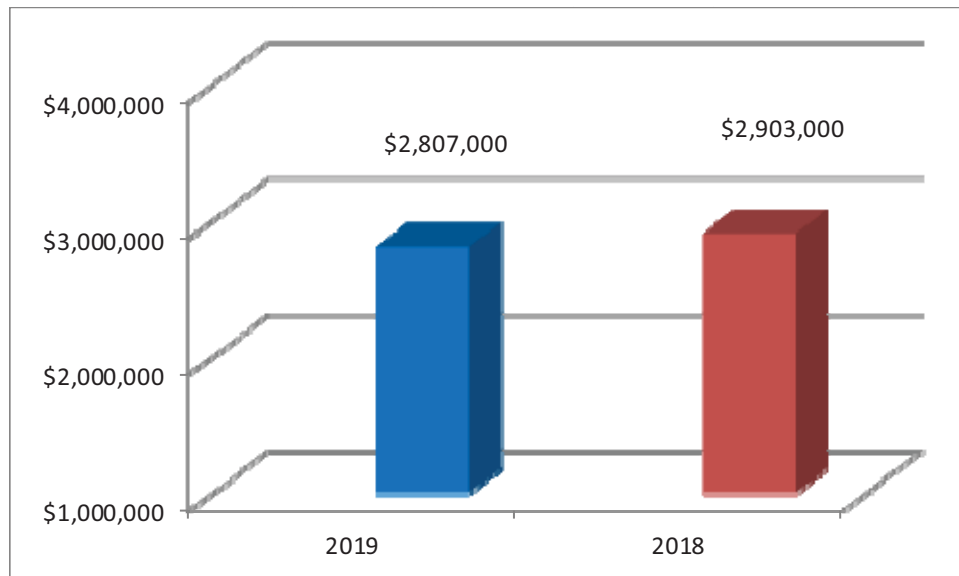
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,596,074	\$ 7,327,206	\$ 5,805,259	\$ 5,737,547	\$ 12,401,333	\$ 13,064,753
Buildings and improvements	56,208,195	60,005,914	13,474,129	9,698,099	69,682,324	69,704,013
Furniture and equipment	1,263,845	1,235,341	1,147,431	648,215	2,411,276	1,883,556
Vehicles	2,009,501	1,925,690	479,843	627,008	2,489,344	2,552,698
Construction in progress	8,731,934	3,078,000	8,071,949	14,598,562	16,803,883	17,676,562
Plant and distribution	-	-	11,090,296	5,628,798	11,090,296	5,628,798
Total	\$ 74,809,549	\$ 73,572,151	\$ 40,068,907	\$ 36,938,229	\$ 114,878,456	\$ 110,510,380

Additional information on Surry County's capital assets can be found in Note 2 of the footnotes in this report.

Long-Term Debt. At the end of the current fiscal year, Surry County had total bonded debt outstanding of \$2,903,000, which includes \$2,243,000 for Flat Rock/Bannertown Water and Sewer District and is backed by the full faith and credit of the County.

**Surry County's Outstanding
General Obligation Bonds
Figure 5**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 605,000	\$ 660,000	\$ 2,202,000	\$ 2,243,000	\$ 2,807,000	\$ 2,903,000
Limited obligation bonds	29,625,000	7,630,000	-	-	29,625,000	7,630,000
Installment purchases	20,048,020	\$25,334,260	6,690,000	-	26,738,020	25,334,260
Capital leases	<u>124,770</u>	<u>182,864</u>	<u>1,199,012</u>	<u>581,670</u>	<u>1,323,782</u>	<u>764,534</u>
	<u>\$50,402,790</u>	<u>\$33,807,124</u>	<u>\$10,091,012</u>	<u>\$ 2,824,670</u>	<u>\$60,493,802</u>	<u>\$36,631,794</u>



This outstanding general obligation indebtedness is out of a legal debt limit of approximately \$491,167,576. This legal debt limit is determined by the Municipal Finance Law of North Carolina that limits the amount of net bonded debt a County may have outstanding to 8% of the appraised value subject to taxation. After consideration of all outstanding debt, Surry County had a remaining legal debt margin of \$431,721,926. The ratio of debt service expenditures to total governmental expenditures is 7.98%.

The County's general obligation debt per capita is \$39 as of June 30, 2019, while the County's gross debt per capita is \$841 due to \$57,686,802 in other long-term installment purchase financing for the County's landfill, schools, other buildings, and equipment.

Overall, Surry County's total gross debt had a net decrease of \$5,929,762 (10.0%) during the current fiscal year. The County payments on installment financing reduced the outstanding balance by \$5,448,762. General obligation bond payments reduced the outstanding balance by \$481,000.

Additional information on Surry County's long-term debt can be found in Note 2 of the footnotes of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Surry County unemployment rate for August 2019 was 4.2%, which is an increase of 0.5% compared to last year's rate of 3.7%. As a comparison, the State's seasonally adjusted current unemployment rate is 4.3%.
- Altec Capital Trust is the largest taxpayer in the County with 4.078% of total taxable assessed value. Duke Energy Corporation is second with 3.522%.
- Inflationary trends in the region compare likewise to national indices.
- Population of 71,948 has decreased 2.6% from 2009 to 2019.

All of these factors were considered in preparing Surry County's budget for Fiscal Year 2019-2020.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2019-2020

Governmental Activities. Surry County has budgeted approximately 7.1% increase in the property tax base as compared to the previous year. With the adoption of the FY 2019-2020 budget, the Board of Commissioners maintained the tax rate at 58.2 cents per \$100 of assessed value. The next property revaluation will be effective January 1, 2021.

Budgeted expenditures in the General Fund are \$80,485,924, which represents a 2.1% increase (\$1,688,760) as compared to last year. For the new fiscal year, many functional areas kept to low or minimum growth from the previous year for operations. Funding for economic development increased compared to prior year amounts. Education funding overall decreased \$1,098,301. The current expense and special capital outlay requests were increased by \$254,058, the school debt service decreased \$904,239 from last year. The County continues to participate in joint water and sewer projects with municipalities of the County.

Business-Type Activities. The budgeted expenditures for the Landfill and Mount Airy/Surry County Airport Authority Funds are \$4,754,229, which represents a 30% increase (\$1,124,699) as compared to last year. The majority of this increase is due to the addition of debt service for the Landfill. The County has also budgeted \$267,576 for the Flat Rock/Bannertown Water and Sewer District and \$143,033 for the Elkin Area Water Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Surry County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, PO Box 1467, Dobson, North Carolina 27017. You can also visit our website www.co.surry.nc.us for more information.

BASIC FINANCIAL STATEMENTS

SURRY COUNTY, NORTH CAROLINA

Exhibit 1
Page 1 of 2

STATEMENT OF NET POSITION JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Surry County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 33,480,832	\$ 2,375,843	\$ 35,856,675	\$ 142,347
Taxes receivable, net	963,886	168,425	1,132,311	-
Accounts receivable, net	1,565,310	171,348	1,736,658	10,846
Due from other governments	5,266,652	564,565	5,831,217	-
Notes receivable	517,916	-	517,916	-
Inventories	6,062	-	6,062	-
Prepaid items	29,932	-	29,932	-
Internal balances	463,108	(463,108)	-	-
Restricted assets:				
Cash and investments	29,021,167	5,609,597	34,630,764	-
Total current assets	71,314,865	8,426,670	79,741,535	153,193
Non-current assets:				
Notes receivable	2,104,372	-	2,104,372	-
Net pension asset	126,502	-	126,502	-
Capital assets:				
Land and other non-depreciable assets	15,328,008	13,877,208	29,205,216	-
Other capital assets, net of depreciation	59,481,541	26,191,699	85,673,240	-
Capital assets, net	74,809,549	40,068,907	114,878,456	-
Total non-current assets	77,040,423	40,068,907	117,109,330	-
Total assets	148,355,288	48,495,577	196,850,865	153,193
Deferred Outflows of Resources	6,907,933	138,961	7,046,894	-
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,532,372	805,078	2,337,450	13,480
Accrued interest payable	132,866	65,998	198,864	-
Other liabilities	-	4,955	4,955	-
Due within one year	5,792,467	1,064,300	6,856,767	-
Payable from restricted assets:				
Advances from grantors and other	381,769	5,300	387,069	-
Accounts payable	1,467,075	-	1,467,075	-
Total current liabilities	9,306,549	1,945,631	11,252,180	13,480

The accompanying notes are an integral part of these financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 1
Page 2 of 2

STATEMENT OF NET POSITION JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Surry County Tourism Development Authority
Long-term liabilities:				
Net pension liability (LGERS)	8,082,730	164,954	8,247,684	-
Total pension liability (LEOSSA)	1,876,165	-	1,876,165	-
Total OPEB liability	12,640,666	390,948	13,031,614	-
Due in more than one year	50,437,627	12,804,636	63,242,263	-
Total long-term liabilities	<u>73,037,188</u>	<u>13,360,538</u>	<u>86,397,726</u>	<u>-</u>
 Total liabilities	<u>82,343,737</u>	<u>15,306,169</u>	<u>97,649,906</u>	<u>13,480</u>
 Deferred Inflows of Resources	<u>2,114,266</u>	<u>53,839</u>	<u>2,168,105</u>	<u>-</u>
 Net Position:				
Net investment in capital assets	46,775,075	35,582,192	82,357,267	-
Restricted for:				
Stabilization for State statute	7,482,939	-	7,482,939	10,846
Education	441,908	-	441,908	-
Debt service	2,708,097	-	2,708,097	-
Public safety	304,388	-	304,388	-
Register of Deeds	146,771	-	146,771	-
Register of Deeds' pension plan	141,600	-	141,600	-
Health	1,164,181	-	1,164,181	-
Economic development	4,446,081	-	4,446,081	-
Unrestricted (deficit)	<u>7,194,178</u>	<u>(2,307,662)</u>	<u>4,886,516</u>	<u>128,867</u>
 Total net position	<u>\$ 70,805,218</u>	<u>\$ 33,274,530</u>	<u>\$ 104,079,748</u>	<u>\$ 139,713</u>

The accompanying notes are an integral part of these financial statements.

SURRY COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-Type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 11,280,638	\$ 703,382	\$ -	\$ -	\$ (10,577,256)	\$ -	\$ (10,577,256)	
Public safety	25,013,591	6,605,574	1,674,012	-	(16,734,005)	-	(16,734,005)	
Economic and physical development	2,533,418	20,158	746,670	1,007,870	(758,720)	-	(758,720)	
Human services	17,022,927	3,463,569	8,086,872	-	(5,472,486)	-	(5,472,486)	
Cultural and recreation	1,340,292	24,260	8,329	-	(1,307,703)	-	(1,307,703)	
Education	21,623,543	-	-	591,750	(21,031,793)	-	(21,031,793)	
Interest and fees	1,334,003	-	-	-	(1,334,003)	-	(1,334,003)	
Total governmental activities	80,148,413	10,816,943	10,515,883	1,599,620	(57,215,967)	-	(57,215,967)	
Business-Type Activities:								
Landfill	3,485,798	3,145,919	123,657	-	-	(216,222)	(216,222)	
Water and sewer	677,645	354,149	17,465	-	-	(306,031)	(306,031)	
Airport	647,073	153,792	-	1,133,653	-	640,372	640,372	
Total business-type activities	4,810,516	3,653,860	141,122	1,133,653	-	118,119	118,119	
Total primary government	\$ 84,958,929	\$ 14,470,803	\$ 10,657,005	\$ 2,733,273	(57,215,967)	118,119	(57,097,848)	
Component Unit:								
Tourism Development Authority	\$ 121,557	\$ -	\$ -	\$ -				\$ (121,557)
General Revenues:								
Ad valorem taxes					41,197,300	-	41,197,300	-
Local option sales tax					19,165,264	-	19,165,264	-
Grants and contributions not restricted to specific programs					1,301,035	-	1,301,035	-
Occupancy tax					-	-	-	112,243
Investment earnings, unrestricted					1,086,605	74,872	1,161,477	-
Miscellaneous, unrestricted					513,209	12,250	525,459	-
Transfers					(358,623)	358,623	-	-
Special item-contribution of school building (Note 13)					(2,018,167)	-	(2,018,167)	-
Total general revenues, transfers, and special item					60,886,623	445,745	61,332,368	112,243
Change in net position					3,670,656	563,864	4,234,520	(9,314)
Net position, beginning of year					67,134,562	32,710,666	99,845,228	149,027
Net position, end of year					\$ 70,805,218	\$ 33,274,530	\$ 104,079,748	\$ 139,713

The accompanying notes are an integral part of these financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 3
Page 1 of 2

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>Major</u>			<u>Nonmajor</u>	
	<u>General</u>	<u>Schools Capital Project Fund</u>	<u>County Buildings Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	\$ 31,967,033	\$ -	\$ 1,135,564	\$ 378,235	\$ 33,480,832
Taxes receivable, net	750,157	-	-	102,729	852,886
Accounts receivable, net	1,565,310	-	-	-	1,565,310
Due from other governments	4,938,007	-	-	328,645	5,266,652
Notes receivable	2,622,288	-	-	-	2,622,288
Inventory	6,062	-	-	-	6,062
Prepays	29,932	-	-	-	29,932
Due from other funds	650,977	-	-	-	650,977
Restricted cash	3,110,893	25,510,896	399,378	-	29,021,167
Total assets	<u>\$ 45,640,659</u>	<u>\$ 25,510,896</u>	<u>\$ 1,534,942</u>	<u>\$ 809,609</u>	<u>\$ 73,496,106</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,279,532	\$ -	\$ -	\$ 252,840	\$ 1,532,372
Due to other funds	-	163,906	-	23,963	187,869
Payable from restricted assets:					
Advances from grantors	381,769	-	-	-	381,769
Accounts payable	-	1,435,862	31,213	-	1,467,075
Total liabilities	<u>1,661,301</u>	<u>1,599,768</u>	<u>31,213</u>	<u>276,803</u>	<u>3,569,085</u>
Deferred Inflows of Resources	<u>824,112</u>	<u>-</u>	<u>-</u>	<u>102,729</u>	<u>926,841</u>
Fund Balances:					
Non-spendable:					
Inventories	6,062	-	-	-	6,062
Prepaid items	29,932	-	-	-	29,932
Notes receivable	2,622,288	-	-	-	2,622,288
Restricted for:					
Stabilization by State statute	7,154,294	-	-	328,645	7,482,939
Restricted, all other	6,284,750	23,911,128	368,165	304,388	30,868,431
Committed	7,092,408	-	-	-	7,092,408
Assigned	7,464,321	-	1,135,564	-	8,599,885
Unassigned (deficit)	12,501,191	-	-	(202,956)	12,298,235
Total fund balances	<u>43,155,246</u>	<u>23,911,128</u>	<u>1,503,729</u>	<u>430,077</u>	<u>69,000,180</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,640,659</u>	<u>\$ 25,510,896</u>	<u>\$ 1,534,942</u>	<u>\$ 809,609</u>	<u>\$ 73,496,106</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA**Exhibit 3****Page 2 of 2****BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

Total fund balances of governmental funds	\$ 69,000,180
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	74,809,549
Ad valorem taxes receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	852,886
Accrual of interest revenue on delinquent taxes does not represent current financial resources and, therefore, is not reported in the funds.	111,000
The net pension asset (ROD) is not an available resource and, therefore, is not reported in the funds.	126,502
Contributions to pension and OPEB plans made subsequent to the plans' measurement dates are deferred outflows of resources on the Statement of Net Position:	
Contributions to pensions (LGERS/ROD)	1,786,614
Benefit payments and admin costs (LEOSSA)	75,513
OPEB benefits and admin costs	341,773
Pension and OPEB related deferred outflows and inflows of resources are not financial resources or obligations and, therefore, are not reported in the funds.	2,663,722
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term debt, including bonds, installment debt, and leases	(53,944,748)
Accrued interest on long-term debt	(132,866)
Net pension liability (LGERS)	(8,082,730)
Compensated absences	(2,285,346)
Total OPEB liability	(12,640,666)
Total pension liability (LEOSSA)	<u>(1,876,165)</u>
Net position of governmental activities	<u>\$ 70,805,218</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 4

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major			Nonmajor	
	Schools	County		Other	Total
	Capital	Buildings Capital		Governmental	Governmental
	General	Project Fund	Project Fund	Funds	Funds
Revenues:					
Ad valorem taxes	\$ 35,783,766	\$ -	\$ -	\$ 5,305,753	\$ 41,089,519
Local option sales taxes	19,165,264	-	-	-	19,165,264
Unrestricted intergovernmental revenues	1,301,035	-	-	-	1,301,035
Restricted intergovernmental revenues	10,326,019	-	-	1,803,521	12,129,540
Permits and fees	867,757	-	-	-	867,757
Sales, services, and rents	9,935,148	-	-	-	9,935,148
Investment earnings	1,035,858	-	48,410	2,337	1,086,605
Miscellaneous	513,209	-	-	-	513,209
Total revenues	<u>78,928,056</u>	<u>-</u>	<u>48,410</u>	<u>7,111,611</u>	<u>86,088,077</u>
Expenditures:					
General government	10,305,932	-	-	-	10,305,932
Public safety	20,447,315	-	-	3,838,470	24,285,785
Economic and physical development	1,568,980	-	-	1,011,830	2,580,810
Human services	16,690,154	-	-	-	16,690,154
Cultural and recreation	1,237,269	-	-	-	1,237,269
Education	18,863,991	-	-	2,013,389	20,877,380
Debt service:					
Principal repayments	5,784,334	-	-	-	5,784,334
Interest	1,313,292	-	-	-	1,313,292
Capital outlay	-	3,882,920	1,971,652	-	5,854,572
Total expenditures	<u>76,211,267</u>	<u>3,882,920</u>	<u>1,971,652</u>	<u>6,863,689</u>	<u>88,929,528</u>
Revenues over (under) expenditures	<u>2,716,789</u>	<u>(3,882,920)</u>	<u>(1,923,242)</u>	<u>247,922</u>	<u>(2,841,451)</u>
Other Financing Sources (Uses):					
Transfers in	33,130	135,200	589,763	100,538	858,631
Transfers out	(1,184,124)	-	(33,130)	-	(1,217,254)
Proceeds from limited obligation bonds issued	-	22,380,000	-	-	22,380,000
Premium on limited obligation bonds	-	3,130,896	-	-	3,130,896
Sale of capital assets	558,533	-	-	-	558,533
Total other financing sources (uses)	<u>(592,461)</u>	<u>25,646,096</u>	<u>556,633</u>	<u>100,538</u>	<u>25,710,806</u>
Net change in fund balances	2,124,328	21,763,176	(1,366,609)	348,460	22,869,355
Fund balances, beginning of year	<u>41,030,918</u>	<u>2,147,952</u>	<u>2,870,338</u>	<u>81,617</u>	<u>46,130,825</u>
Fund balances, end of year	<u>\$ 43,155,246</u>	<u>\$ 23,911,128</u>	<u>\$ 1,503,729</u>	<u>\$ 430,077</u>	<u>\$ 69,000,180</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA**Exhibit 5**

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

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

Net change in fund balances - total governmental funds (Exhibit 4)	\$ 22,869,355
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	7,337,299
Depreciation expense allocates the costs of capital assets over their useful lives. It is reported as an expenditure in the governmental funds statement.	(2,829,437)
Book value of capital assets disposed of, not recognized in the funds.	(3,270,464)
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	107,781
Contributions to pension and OPEB plans made subsequent to the plans' measurement dates are not included on the Statement of Activities:	
Contributions to pensions (LGERS/ROD)	1,786,614
Benefit payments and admin costs (LEOSSA)	75,513
OPEB benefits and admin costs	341,773
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(77,808)
The issuance of long-term debt provides current financial resources to governmental funds. However, in the Statement of Activities, these transactions are not a revenue, rather they are an increase in liabilities.	(22,380,000)
Governmental funds report the effect of premiums when new debt is issued. However, in the Statement of Activities, these amounts are deferred and amortized.	
Premium on new debt issued	(3,130,896)
Amorization of premium	57,097
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	5,784,334
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Pension expense (ROD)	(19,657)
Pension expense (LGERS)	(2,168,369)
Compensated absences	(248,765)
OPEB expense	(435,072)
Pension expense (LEOSSA)	(128,642)
Change in net position of governmental activities (Exhibit 2)	<u>\$ 3,670,656</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 6

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 33,175,618	\$ 33,175,618	\$ 35,783,766	\$ 2,608,148
Local option sales taxes	13,580,000	13,580,000	15,341,397	1,761,397
Unrestricted intergovernmental revenues	510,500	510,500	551,430	40,930
Restricted intergovernmental revenues	10,287,111	11,241,941	9,734,269	(1,507,672)
Permits and fees	817,240	817,240	867,757	50,517
Sales and services	8,199,534	8,369,546	9,935,148	1,565,602
Investment earnings	233,194	233,194	941,831	708,637
Miscellaneous	224,328	508,239	513,209	4,970
Total revenues	<u>67,027,525</u>	<u>68,436,278</u>	<u>73,668,807</u>	<u>5,232,529</u>
Expenditures:				
General government	13,687,710	11,620,790	10,033,211	1,587,579
Public safety	19,036,203	21,212,613	20,447,315	765,298
Economic and physical development	2,050,669	3,013,389	1,568,980	1,444,409
Human services	17,868,871	18,703,079	16,690,154	2,012,925
Cultural and recreation	1,096,032	1,312,064	1,237,269	74,795
Education	15,954,960	15,954,960	15,870,997	83,963
Debt service:				
Principal retirement	5,985,664	5,985,664	5,784,334	201,330
Interest and fees	1,305,968	1,305,968	1,313,292	(7,324)
Total expenditures	<u>76,986,077</u>	<u>79,108,527</u>	<u>72,945,552</u>	<u>6,162,975</u>
Revenues over (under) expenditures	<u>(9,958,552)</u>	<u>(10,672,249)</u>	<u>723,255</u>	<u>11,395,504</u>
Other Financing Sources (Uses):				
Transfers in	5,976,023	5,976,023	5,976,023	-
Transfers out	(5,272,619)	(6,499,121)	(6,451,070)	48,051
Sale of capital assets	-	500,000	558,533	58,533
Appropriated fund balance	9,255,148	10,695,347	-	(10,695,347)
Total other financing sources (uses)	<u>9,958,552</u>	<u>10,672,249</u>	<u>83,486</u>	<u>(10,588,763)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>806,741</u>	<u>\$ 806,741</u>
Fund balance, beginning of year			<u>34,814,189</u>	
Fund balance, end of year			35,620,930	
Legally budgeted funds consolidated into the General Fund for reporting purposes (Note 1)			<u>7,534,316</u>	
Fund balance, end of year (Exhibit 4)			<u>\$ 43,155,246</u>	

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 7
Page 1 of 2

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Major		
	Landfill	Flatrock/ Bannertown Water and Sewer	Interstates Water and Sewer District
	Fund	District Fund	Fund
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,188,030	\$ 471,360	\$ 716,453
Taxes receivable	168,425	-	-
Accounts receivable, net	120,060	27,837	-
Due from other governments	-	9,921	-
Restricted cash	5,604,297	-	-
Total current assets	<u>7,080,812</u>	<u>509,118</u>	<u>716,453</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	3,590,469	20,000	60,675
Other capital assets, net of depreciation	4,119,143	4,765,178	5,646,085
Total non-current assets	<u>7,709,612</u>	<u>4,785,178</u>	<u>5,706,760</u>
Total assets	<u>14,790,424</u>	<u>5,294,296</u>	<u>6,423,213</u>
Deferred Outflows of Resources	<u>138,961</u>	<u>-</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	503,837	7,433	-
Due to other funds	-	452,889	-
Prepaid rent	-	-	-
Payable from restricted assets - rental deposits	-	-	-
Landfill closure and post-closure care costs, current	232,000	-	-
Current portion of long-term obligations	789,300	43,000	-
Total current liabilities	<u>1,525,137</u>	<u>503,322</u>	<u>-</u>
Non-current liabilities:			
Landfill closure and post-closure care costs	3,498,547	-	-
Net pension liability (LGRS)	164,954	-	-
OPEB Liability	390,948	-	-
Long-term obligations	7,147,089	2,159,000	-
Total non-current liabilities	<u>11,201,538</u>	<u>2,159,000</u>	<u>-</u>
Total liabilities	<u>12,726,675</u>	<u>2,662,322</u>	<u>-</u>
Deferred Inflows of Resources	<u>53,839</u>	<u>-</u>	<u>-</u>
Net Position:			
Net investment in capital assets	5,424,897	2,583,178	5,706,760
Unrestricted (deficit)	<u>(3,276,026)</u>	<u>48,796</u>	<u>716,453</u>
Total net position	<u>\$ 2,148,871</u>	<u>\$ 2,631,974</u>	<u>\$ 6,423,213</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 7
Page 2 of 2

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	<u>Mt. Airy/ Surry County Airport Fund</u>	<u>Elkin Area Water and Sewer Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ 2,375,843
Taxes receivable	-	-	168,425
Accounts receivable, net	741	22,710	171,348
Due from other governments	554,644	-	564,565
Restricted cash	5,300	-	5,609,597
Total current assets	<u>560,685</u>	<u>22,710</u>	<u>8,889,778</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	10,206,064	-	13,877,208
Other capital assets, net of depreciation	10,982,260	679,033	26,191,699
Total non-current assets	<u>21,188,324</u>	<u>679,033</u>	<u>40,068,907</u>
Total assets	<u>21,749,009</u>	<u>701,743</u>	<u>48,958,685</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>138,961</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	349,826	9,980	871,076
Due to other funds	-	10,219	463,108
Prepaid rent	4,955	-	4,955
Payable from restricted assets - rental deposits	5,300	-	5,300
Landfill closure and post-closure care costs, current	-	-	232,000
Current portion of long-term obligations	-	-	832,300
Total current liabilities	<u>360,081</u>	<u>20,199</u>	<u>2,408,739</u>
Non-current liabilities:			
Landfill closure and post-closure care costs	-	-	3,498,547
Net pension liability (LGRS)	-	-	164,954
OPEB Liability	-	-	390,948
Long-term obligations	-	-	9,306,089
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>13,360,538</u>
Total liabilities	<u>360,081</u>	<u>20,199</u>	<u>15,769,277</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>53,839</u>
Net Position:			
Net investment in capital assets	21,188,324	679,033	35,582,192
Unrestricted (deficit)	200,604	2,511	(2,307,662)
Total net position	<u>\$ 21,388,928</u>	<u>\$ 681,544</u>	<u>\$ 33,274,530</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 8

Page 1 of 2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major		
	Landfill	Flatrock/ Bannertown Water and Sewer District Fund	Interstates Water and Sewer District Fund
	Fund	District Fund	Fund
Operating Revenues:			
Charges for services	\$ 1,467,788	\$ 227,424	\$ -
Local contribution	-	-	17,465
Landfill fees	1,603,833	-	-
White goods and scrap tire	123,657	-	-
Other operating revenues	74,298	-	-
Total operating revenues	<u>3,269,576</u>	<u>227,424</u>	<u>17,465</u>
Operating Expenses:			
Landfill recycling	801,489	-	-
Sanitation	1,489,740	-	-
Water and sewer	-	119,636	-
Airport	-	-	-
Depreciation	778,665	164,317	144,771
Landfill closure and post-closure costs	289,584	-	-
Total operating expenses	<u>3,359,478</u>	<u>283,953</u>	<u>144,771</u>
Operating income (loss)	<u>(89,902)</u>	<u>(56,529)</u>	<u>(127,306)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	67,015	7,857	-
Gain (loss) on disposal of capital assets	-	-	-
Interest and fees paid	(126,320)	(95,189)	-
Total non-operating revenues (expenses)	<u>(59,305)</u>	<u>(87,332)</u>	<u>-</u>
Income (loss) before contributions and transfers	(149,207)	(143,861)	(127,306)
Transfer from General Fund	-	45,522	-
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(149,207)	(98,339)	(127,306)
Net position, beginning of year	<u>2,298,078</u>	<u>2,730,313</u>	<u>6,550,519</u>
Net position, end of year	<u>\$ 2,148,871</u>	<u>\$ 2,631,974</u>	<u>\$ 6,423,213</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 8

Page 2 of 2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	Mt. Airy/ Surry County Airport Fund	Elkin Area Water and Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 147,732	\$ 126,725	\$ 1,969,669
Local contribution	-	-	17,465
Landfill fees	-	-	1,603,833
White goods and scrap tire	-	-	123,657
Other operating revenues	6,060	-	80,358
Total operating revenues	<u>153,792</u>	<u>126,725</u>	<u>3,794,982</u>
Operating Expenses:			
Landfill recycling	-	-	801,489
Sanitation	-	-	1,489,740
Water and sewer	-	133,462	253,098
Airport	424,565	-	424,565
Depreciation	222,508	20,270	1,330,531
Landfill closure and post-closure costs	-	-	289,584
Total operating expenses	<u>647,073</u>	<u>153,732</u>	<u>4,589,007</u>
Operating income (loss)	<u>(493,281)</u>	<u>(27,007)</u>	<u>(794,025)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	-	74,872
Gain (loss) on disposal of capital assets	12,250	-	12,250
Interest and fees paid	-	-	(221,509)
Total non-operating revenues (expenses)	<u>12,250</u>	<u>-</u>	<u>(134,387)</u>
Income (loss) before contributions and transfers	(481,031)	(27,007)	(928,412)
Transfer from General Fund	306,364	6,737	358,623
Capital contributions	<u>1,133,653</u>	<u>-</u>	<u>1,133,653</u>
Change in net position	958,986	(20,270)	563,864
Net position, beginning of year	<u>20,429,942</u>	<u>701,814</u>	<u>32,710,666</u>
Net position, end of year	<u>\$ 21,388,928</u>	<u>\$ 681,544</u>	<u>\$ 33,274,530</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 9
Page 1 of 4

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Major		
	Landfill Fund	Flatrock/ Bannertown Water and Sewer District Fund	Interstates Water and Sewer District Fund
Cash Flows from Operating Activities:			
Cash received from customers	\$ 3,236,413	\$ 227,384	\$ -
Cash received for other operating revenues	-	-	17,465
Cash paid for goods and services	(1,048,461)	(119,636)	-
Cash paid to employees for services	(1,221,930)	-	-
Net cash provided (used) by operating activities	<u>966,022</u>	<u>107,748</u>	<u>17,465</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund transfer in	-	45,522	-
Advances (to) from other funds	-	139,328	-
Net cash provided by non-capital financing activities	<u>-</u>	<u>184,850</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,487,372)	-	-
Capital contributions	-	-	-
Proceeds from sale of asset	-	-	-
Proceeds from issuance of debt	6,690,000	-	-
Principal paid on bonds and notes payable	(104,428)	(41,000)	-
Interest on long-term debt	(126,320)	(95,330)	-
Net cash used by capital and related financing activities	<u>4,971,880</u>	<u>(136,330)</u>	<u>-</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>67,015</u>	<u>7,857</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	6,004,917	164,125	17,465
Cash and cash equivalents, beginning of year	<u>787,410</u>	<u>307,235</u>	<u>698,988</u>
Cash and cash equivalents, end of year	<u>\$ 6,792,327</u>	<u>\$ 471,360</u>	<u>\$ 716,453</u>
Reconciliation of Cash Balances:			
Cash and cash equivalents	\$ 1,188,030	\$ 471,360	\$ 716,453
Restricted cash	<u>5,604,297</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 6,792,327</u>	<u>\$ 471,360</u>	<u>\$ 716,453</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 9
Page 2 of 4

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	<u>Mt. Airy/ Surry County Airport Fund</u>	<u>Elkin Area Water and Sewer Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 171,322	\$ 115,929	\$ 3,751,048
Cash received for other operating revenues	-	-	17,465
Cash paid for goods and services	(379,668)	(122,799)	(1,670,564)
Cash paid to employees for services	(38,837)	-	(1,260,767)
Net cash provided (used) by operating activities	<u>(247,183)</u>	<u>(6,870)</u>	<u>837,182</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund transfer in	306,364	6,737	358,623
Advances (to) from other funds	-	133	139,461
Net cash provided by non-capital financing activities	<u>306,364</u>	<u>6,870</u>	<u>498,084</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,488,098)	-	(2,975,470)
Capital contributions	1,098,989	-	1,098,989
Proceeds from sale of capital assets	15,400	-	15,400
Proceeds from issuance of debt	-	-	6,690,000
Principal paid on bonds and notes payable	-	-	(145,428)
Interest on long-term debt	-	-	(221,650)
Net cash used by capital and related financing activities	<u>(373,709)</u>	<u>-</u>	<u>4,461,841</u>
Cash Flows from Investing Activities:			
Interest on investments	-	-	74,872
Net increase (decrease) in cash and cash equivalents	(314,528)	-	5,871,979
Cash and cash equivalents, beginning of year	<u>319,828</u>	<u>-</u>	<u>2,113,461</u>
Cash and cash equivalents, end of year	<u>\$ 5,300</u>	<u>\$ -</u>	<u>\$ 7,985,440</u>
Reconciliation of Cash Balances:			
Cash and cash equivalents	\$ -	\$ -	\$ 2,375,843
Restricted cash	<u>5,300</u>	<u>-</u>	<u>5,609,597</u>
	<u>\$ 5,300</u>	<u>\$ -</u>	<u>\$ 7,985,440</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 9
Page 3 of 4

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u>		
	<u>Landfill</u>	<u>Flatrock/ Bannertown Water and Sewer District Fund</u>	<u>Interstates Water and Sewer District Fund</u>
	<u>Fund</u>	<u>District Fund</u>	<u>Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (89,902)	\$ (56,529)	\$ (127,306)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	778,665	164,317	144,771
Pension expense	44,254	-	-
OPEB expense	13,455	-	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(33,163)	(40)	-
Increase (decrease) in accounts payable	62,914	-	-
Increase (decrease) in other liabilities	-	-	-
Increase (decrease) in compensated absences payable	(4,543)	-	-
Increase (decrease) in landfill post-closure liability	241,251	-	-
Contributions to pension plan in current year	(36,339)	-	-
Contributions to OPEB plan in current year	(10,570)	-	-
	<u>\$ 966,022</u>	<u>\$ 107,748</u>	<u>\$ 17,465</u>
Net cash provided (used) by operating activities			
	<u>\$ 966,022</u>	<u>\$ 107,748</u>	<u>\$ 17,465</u>
Non-Cash Transactions:			
Acquisition of capital assets included in accounts payable	<u>\$ 431,902</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

Exhibit 9
Page 4 of 4

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major</u>	<u>Nonmajor</u>	
	<u>Mt. Airy/ Surry County Airport Fund</u>	<u>Elkin Area Water and Sewer Fund</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (493,281)	\$ (27,007)	\$ (794,025)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	222,508	20,270	1,330,531
Pension expense	-	-	44,254
OPEB expense	-	-	13,455
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	25,465	13	(7,725)
Increase (decrease) in accounts payable	-	(146)	62,768
Increase (decrease) in other liabilities	(1,875)	-	(1,875)
Increase (decrease) in compensated absences payable	-	-	(4,543)
Increase (decrease) in landfill post-closure liability	-	-	241,251
Contributions to pension plan in current year	-	-	(36,339)
Contributions to OPEB plan in current year	-	-	(10,570)
Net cash provided (used) by operating activities	<u>\$ (247,183)</u>	<u>\$ (6,870)</u>	<u>\$ 837,182</u>
Non-Cash Transactions:			
Acquisition of capital assets included in accounts payable	<u>\$ 335,217</u>	<u>\$ -</u>	

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA**Exhibit 10**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 169,387
Accounts receivable	<u>8,572</u>
Total assets	<u>\$ 177,959</u>
Liabilities:	
Accounts payable	\$ 139,443
Intergovernmental payable	<u>38,516</u>
Total liabilities	<u>\$ 177,959</u>

The accompanying notes are an integral part of the financial statements.

SURRY COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of Surry County (the “County”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. Generally accepted accounting principles require the entity to include component units in its financial statements if certain criteria are met. The County has one component unit which has no financial transactions or account balances. Therefore, it does not appear in the combined financial statements. The County has several blended component units which are reported as enterprise funds in the County’s financial statements. The County has one component unit that is presented as a discretely presented component unit. This component unit is reported jointly in a separate column in the County’s financial statements in order to emphasize that it is legally separate from the County.

Surry County Industrial Facility and Pollution Control Financing Authority

The Surry County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

The Interstates Water and Sewer District Fund, Elkin Area Water and Sewer Fund, and the Flatrock/Bannertown Water and Sewer District Fund

The Interstates Water and Sewer District Fund, Dobson Area Water and Sewer Fund, Elkin Area Water and Sewer Fund, and the Flatrock/Bannertown Water and Sewer District Fund (the “Districts”) exist to provide and maintain water and sewer systems for the County residents within each district. Under State law [G.S. 162A-89], the County’s Board of Commissioners also serves as the governing board for the Districts and the County has operational responsibility for the Districts. Water and sewer services are purchased from local municipalities. The Districts are reported as enterprise funds in the County’s financial statements. The Interstates Water and Sewer District Fund, and the Elkin Area Water and Sewer Fund do not issue separate financial statements. Complete financial statements for the Flatrock/Bannertown Water and Sewer District Fund may be obtained at the finance office of the County: 114 W. Atkins Street, Dobson, North Carolina 27017.

The Mount Airy/Surry County Airport Authority

The County, in conjunction with the City of Mount Airy, established the Mount Airy-Surry County Airport Authority (the “Airport”). The participating governments established the Airport to operate and manage a local, non-commercial airport facility. The Authority is governed by a seven-member Board of Directors, in which five members are appointed by Surry County and two members are appointed by the City of Mount Airy. In May 2017, the County Commissioners of Surry County appointed themselves to the five member seats appointed by Surry County. Therefore, the Authority is included in the reporting entity of the County of Surry, North Carolina under GASB Statement 14. Complete financial statements for the Mount Airy/Surry County Airport Authority may be obtained at the finance office of the County: 114 W. Atkins Street, Dobson, North Carolina 27017.

The Surry County Tourism and Development Authority

The Surry County Tourism and Development Authority (“TDA”) is a special taxing district made up of the unincorporated areas of the County. The TDA’s governing board consists of five members, all appointed by the County’s Board of Commissioners. At least one-third of the members must be individuals affiliated with businesses that collect the tax in the district, and at least one-half of the members must be individuals currently active in the promotion of travel and tourism in the district. The TDA, which provides a financial benefit to the County, was established to receive the proceeds 6% of the room occupancy tax to promote travel and tourism related activities within the district pursuant to Session Law 2009-112. Separate financial statements are issued for the Surry Tourism and Development Authority and may be obtained at the finance office of the County: 114 W. Atkins Street, Dobson, North Carolina 27017.

B. Basis of Presentation**Government-Wide and Fund Financial Statements**

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used have not been eliminated. These statements distinguish between *governmental and business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County’s funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is

displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The County maintains separate Economic Development, Debt Service, Employee Benefits, Home Program, Cooperative Extension, Sheriff's Special Accounts, Workers' Compensation, Sheriff-Narcotics, Public Assistance, and Register of Deeds Automation Funds for accounting purposes. These funds have been consolidated into the General Fund for financial reporting purposes. The Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is presented in the General Fund. The County also maintains a separate Capital Fund (Schools Capital Outlay Fund) to account for 30% and 60%, respectively, of the proceeds of the Chapter 40 and Chapter 42 half-cent local option sales taxes and a Capital Reserve Fund (Capital Improvement Fund); however, for statement presentation in accordance with GASB Statement No. 54, they are presented in the General Fund.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County maintains two major capital project funds within the governmental fund types:

Schools Capital Project Fund – accounts for local funds and financing proceeds used to fund school construction projects.

County Buildings Capital Project Fund – accounts for funds used for the construction of County buildings.

The County reports the following nonmajor governmental funds:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains four special revenue funds: the Fire Districts Fund, the School Districts Fund, the Emergency Telephone 911 Fund, and the Grant Projects Fund.

The County reports the following major enterprise funds:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Surry County has four major enterprise funds: the Landfill Fund, the Flatrock/Bannertown Water and Sewer District Fund, the Interstates

Water and Sewer District Fund, and the Mt. Airy/Surry County Airport Fund. Capital project funds have been established for the enterprise funds, as appropriate, to account for related construction projects. These funds are consolidated with the operating funds for financial reporting purposes.

The County reports the following nonmajor enterprise fund:

The Elkin Area Water and Sewer Fund accounts for water and sewer activities in the Gentry Road area of Elkin.

The County reports the following other fund types:

Fiduciary Funds. Fiduciary funds account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following fund type:

Agency Funds. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains six agency funds: the Social Services Trust Fund that accounts for funds held by the County for the subsistence needs of specific social services clients; the Jail Trust Fund that accounts for monies held by the County for inmates; the Municipal Tax Fund that accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the State Solid Waste Disposal Tax Fund that accounts for the \$2.00 per ton tax on landfill waste; the Surry County Schools Fund which accounts for the collection and payment of fines and forfeitures to three Boards of Education in the County; and a Miscellaneous Agency Fund group. The following agency funds are accounted for in the Miscellaneous Agency Fund group: the CBA Money and Elderly or Handicap Transportation Assistance Fund that account for the collection and payment of State financial grant assistance to various sub-recipients; the Floodplain Mapping accounts for collection and remittance for fees for floodplain mapping to Department of Crime Control and Public Safety; the Mental Health-ABC Fund which accounts for funds paid by Municipal ABC Boards in Surry County on the number of bottles of spirituous liquor sold during the month by all stores; the P.A.R.T Transportation Taxes Fund accounts for vehicle rental taxes collected for Piedmont Authority of Regional Transportation; the Dobson Zoning Fund that accounts for collection and remittance of zoning permits for the Town of Dobson; the State Treasurer General Fund which accounts for fees collected by the Register of Deeds for filing a Deed of Trust; the Department of Cultural Resources Fund which accounts for fees collected by the Register of Deeds, which are used to offset the cost of the Archives and Records Management Program; the Excise Tax of Deeds Fund which accounts for the tax rate of one dollar on each five hundred dollars of real property conveyed to another person remitted to the Department of Revenue and distributed per G.S. 105-228.3; the Domestic Violence Center Fund which accounts for thirty dollars of each marriage license issued forwarded to the Department of Administration and credited to the Domestic Violence Center Fund established under G.S. 50B-9; the Children's Trust Fund, which accounts for five dollars of each marriage license issued forwarded to the Department of Health and Human Services and credited to the Children's Trust Fund per G.S. 161-11.1(a); the Contractor Permits Inspections Fund which accounts for a ten dollar fee collected on building permits paid to the North Carolina Licensing Board for the Homeowners Recovery Fund per G.S. 87-15.6b; the State Fees Concealed Handgun Permits Fee Fund which accounts for the State's portion of permit fees paid for concealed weapon permits under G.S.14-415.19; the Cell Tower Lease Town of Pilot Mountain Fund which accounts for the Town of Pilot Mountain's portion of monthly rent paid for cell tower space; the Surry Tourism Partnership-Yadkin Valley Golf Program Fund that is administered by the Tourism Development Authority to account for revenue generated for custom golf packages; and certain fines, penalties, and forfeitures that are then remitted to the local public school administrative units.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary, and fiduciary funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly giving (or receiving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally-dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in

periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, then by general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, special revenue funds, and enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds. The Enterprise Capital Projects Funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, and enterprise funds and at the object level for the capital project funds. The County Manager is authorized to adjust approved budget appropriations within the same fund, and such action is reported to the Board at a subsequent meeting. During the year, several amendments to the original budget became necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

F. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

Deposits and Investments

All of the County's deposits are made in Board-designated official depositories and are secured as required by G.S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may

establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The majority of the County's investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

The restricted assets in the General Fund represent the balance in a sinking fund required by a financing contract to construct schools, advances from grantors, and money in the Revaluation Fund, which is restricted per North Carolina General Statute 153A-150.

The unexpended debt proceeds in the capital project funds are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued.

Restricted Cash	Purpose	Amount
Governmental Activities:		
General Fund	Sinking Fund	\$ 2,708,097
General Fund	Advances from grantors	381,769
General Fund	Tax revaluation	21,027
Schools Capital Project Fund	Unexpended debt proceeds	25,510,896
County Buildings Capital Project Fund	Unexpended debt proceeds	399,378
		<u>29,021,167</u>
Business-Type Activities:		
Landfill fund	Unexpended debt proceeds	5,604,297
Mt. Airy/Surry County Airport Authority	Rental deposits	5,300
		<u>5,609,597</u>
Total Restricted Cash		<u>\$ 34,630,764</u>

Ad Valorem Taxes Receivable

In accordance with State laws [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the

following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the County has established discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that are historically uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County's General Fund consists of expendable supplies that are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expended as the items are used.

Capital Assets

Capital assets are recorded at original cost or estimated historical cost. Donated assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of the donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain properties of the Boards of Education of Surry County, Elkin, and Mount Airy which have been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. Agreements between the County and the Boards of Education give the Boards of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Boards of Education once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are not reflected as capital assets in the financial statements of the Boards of Education.

Capital assets are depreciated on a straight-line basis over the following useful lives to the cost of the assets:

	Years
Equipment	5
Vehicles	5
Other improvements	10
Plant and distribution	40
Buildings	20-50

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has the following items that meet this criteria: pension and OPEB related deferrals, and contributions made to pension and OPEB plans in the current fiscal year.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has the following items that meet this criteria: prepaid taxes, property taxes receivable, and pension and OPEB related deferrals.

Compensated Absences

The vacation policy of the County provides for the annual accumulation of up to thirty (30) days, earned vacation leave with such leave being fully vested when earned. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

The County's sick leave policy provides for an unlimited annual accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Long-Term Obligations

In the government-wide financial statements and in the proprietary funds type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or the proprietary fund Statement of Net Position.

Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of bond premiums. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt. In the fund financial statements for governmental fund types, the proceeds of debt issued are reported as other financing sources.

Net Position/Fund Balances**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statutes.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it represents certain payments to vendors applicable to future accounting periods and is, therefore, not in spendable form.

Notes Receivable – portion of fund balance that is not an available resource because it represents the year-end balance of notes receivable that are not expendable available resources.

Restricted Fund Balance. This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization for State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Register of Deeds – portion of fund balance restricted by State statute for automation enhancement (software) improvements.

Restricted for Capital Projects – portion of fund balance restricted by revenue source to be used to support future Capital Project expenditures.

Restricted for Education – portion of fund balance restricted by revenue source to be used to support future public education expenditures.

Restricted for Debt Service – portion of fund balance restricted by revenue source to be used to support future debt service expenditures.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities.

Restricted for Health – portion of fund balance restricted by revenue source for health-related activities.

Restricted for Economic Development – portion of fund balance restricted by revenue source for further economic development activities.

Restricted fund balance at June 30, 2019 represents the portion of fund balance that is restricted for the following:

Purpose	General Fund	Schools Capital Project Fund	County Buildings Capital Project Fund	Other Governmental Funds	Total
Restricted, all other:					
Register of Deeds	\$ 146,771	\$ -	\$ -	\$ -	\$ 146,771
Capital projects	-	-	368,165	-	368,165
Education	441,908	23,911,128	-	-	24,353,036
Debt service	2,708,097	-	-	-	2,708,097
Public safety	-	-	-	304,388	304,388
Health	1,164,181	-	-	-	1,164,181
Economic development	1,823,793	-	-	-	1,823,793
Total	\$ 6,284,750	\$ 23,911,128	\$ 368,165	\$ 304,388	\$ 30,868,431

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount restricted for Register of Deeds' pension plan and related deferrals of \$141,600, net unspent bond proceeds of \$24,279,293, and fund balance classified as nonspendable notes receivable of \$2,622,288 as of June 30, 2019.

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed fund balance at June 30, 2019 represents the portion of fund balance that can only be used for the following:

Purpose	General Fund
Committed:	
Tax revaluation	\$ 20,877
Capital improvement reserve	7,071,531
Total	\$ 7,092,408

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Surry County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have limited authority to assign fund balance.

Assigned fund balance at June 30, 2019 represents the portion of fund balance intended for the following:

Purpose	General Fund	County Buildings
		Capital Project Fund
Subsequent year's expenditures	\$ 7,464,321	\$ -
County buildings capital projects	-	1,135,564
Total	<u>\$ 7,464,321</u>	<u>\$ 1,135,564</u>

Subsequent Year's Expenditures – portion of fund balance that is appropriated in next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to make certain modifications without requiring Board approval.

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

Surry County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, Federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy. The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 43,155,246
Less:	
Non-spendable	(2,658,282)
Stabilization for State statute	(7,154,294)
Total available fund balance	<u>\$ 33,342,670</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

The legally budgeted Tax Revaluation, Schools Capital Outlay, and Capital Improvement Funds are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund balance, ending (Exhibit 6)	\$ 35,620,930
Schools Capital Outlay Fund:	
Expenditures:	
Education	(2,992,994)
Fund balance, beginning	534,359
Revaluation Fund:	
Expenditures:	
General government	(272,721)
Transfers in	220,242
Fund balance, beginning	73,356
Capital Improvement Fund:	
Revenues:	
Local option sales taxes	3,823,867
Unrestricted intergovernmental	749,605
Restricted intergovernmental	591,750
Investment earnings	94,027
Transfers in	5,215,034
Transfers out	(6,111,223)
Fund balance, beginning	5,609,014
Fund balance, ending (Exhibit 4)	<u>\$ 43,155,246</u>

Defined Benefit Cost-Sharing Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans.") For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

2. Detail Notes on All Funds

A. Deposits

All of the County's deposits are either insured or collateralized using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County does not have policies regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the County's deposits had a carrying amount of \$32,874,367 and a bank balance of \$32,270,435. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining balance was covered by collateral held under the Pooling Method. Cash on hand was \$4,050.

A reconciliation of cash and cash equivalents at June 30, 2019 is as follows:

Cash and cash equivalents consists of:		Reported in the financial statements as:	
Deposits in banks	\$ 32,874,367	Cash and cash equivalents	\$ 35,856,675
Petty cash on hand	4,050	Restricted cash	34,630,764
Investments	37,778,409	Cash in agency funds	169,387
	<u>\$ 70,656,826</u>		<u>\$ 70,656,826</u>

B. Investments

At June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	1-5 Years
U.S. government agencies	Fair Value-Level 2	\$ 6,070,002	\$ 2,717,838	\$ 3,352,164
NCCMT - Term Portfolio	Fair Value-Level 1	9,306,090	9,306,090	-
NCCMT - Government Portfolio	Fair Value-Level 1	22,402,317	22,402,317	-
Total investments		<u>\$37,778,409</u>	<u>\$34,426,245</u>	<u>\$ 3,352,164</u>

* As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: debt securities valued using a matrix pricing technique. Matrix pricing used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk – The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSRO's); however, the County has no formal policy on managing credit risk. The County's investments in the N.C. Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard and Poor's as of June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County's investments in U.S. government agencies are rated A-1+ and AA+ by Standard and Poor's.

Concentration of Credit Risk – The County places no limit on the amount that the County may invest in any one issuer. Approximately 78% of the County's investments in government agencies are in FHLMC (14% of total investments.)

C. Property Tax Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2019	\$ 2,307,356	\$ -	\$ 2,307,356
2018	2,304,363	149,784	2,454,147
2017	2,307,721	357,697	2,665,418
2016	2,317,344	567,749	2,885,093
Total	<u>\$ 9,236,784</u>	<u>\$ 1,075,230</u>	<u>\$ 10,312,014</u>

D. Receivables

Receivables at Exhibit 1 at June 30, 2019, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Interest</u>	<u>Notes Receivable</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,789,421	\$ 1,624,301	\$ 2,622,288	\$ 4,938,007	\$ 11,974,017
Other governmental	-	191,515	-	328,645	520,160
Total receivables	2,789,421	1,815,816	2,622,288	5,266,652	12,494,177
Allowance for doubtful accounts	(1,224,111)	(851,930)	-	-	(2,076,041)
Total governmental activities	<u>\$ 1,565,310</u>	<u>\$ 963,886</u>	<u>\$ 2,622,288</u>	<u>\$ 5,266,652</u>	<u>\$ 10,418,136</u>

Amounts not scheduled for collection

during the subsequent year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104,372</u>	<u>\$ -</u>	<u>\$ 2,104,372</u>
----------------------------	-------------	-------------	---------------------	-------------	---------------------

Business-Type Activities:

Landfill Fund	\$ 210,108	\$ 168,425	\$ -	\$ -	\$ 378,533
Water and Sewer Districts:					
Flatrock/Bannertown	27,837	-	-	9,921	37,758
Elkin Area	22,710	-	-	-	22,710
Mt. Airy/Surry County					
Airport Authority	<u>741</u>	<u>-</u>	<u>-</u>	<u>554,644</u>	<u>555,385</u>
Total receivables	261,396	168,425	-	564,565	994,386
Allowance for doubtful accounts	<u>(90,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,048)</u>
Total business-type activities	<u>\$ 171,348</u>	<u>\$ 168,425</u>	<u>\$ -</u>	<u>\$ 564,565</u>	<u>\$ 904,338</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Local option sales tax	\$ 3,364,854	\$ -
Lottery funds	475,755	-
Sales tax refund	481,822	-
NC Dept of Transportation	-	554,644
NC Clean Water Mgmt Trust Fund	432,000	-
Due from Town of Mount Airy	-	9,921
Other	<u>512,221</u>	<u>-</u>
Total	<u>\$ 5,266,652</u>	<u>\$ 564,565</u>

Notes Receivable – The County has received various federal and state grants to fund economic development loan programs. The County disburses these loans to qualified recipients and collects the principal and interest upon repayment. The program income generated from these loans as they are repaid is also restricted for economic development purposes. Since these loans are expected to be

collected, the County has recognized them as notes receivable assets on the governmental funds balance sheet and statement of net position.

E. Capital Assets

1. Governmental Capital Assets

A summary of changes in the County's governmental capital assets follows:

	July 1, 2018	Additions	Retirements	June 30, 2019
By Type:				
Non-Depreciable Assets:				
Land	\$ 7,327,206	\$ 182,331	\$ (913,463)	\$ 6,596,074
Construction in progress	3,078,000	5,653,934	-	8,731,934
Depreciable Assets:				
Buildings and improvements	79,567,999	52,110	(3,059,191)	76,560,918
Equipment	7,186,736	620,448	(363,557)	7,443,627
Vehicles	5,646,792	828,476	(688,397)	5,786,871
Total	<u>102,806,733</u>	<u>7,337,299</u>	<u>(5,024,608)</u>	<u>105,119,424</u>
Less Accumulated Depreciation:				
Buildings and improvements	(19,562,085)	(1,610,629)	819,991	(20,352,723)
Equipment	(5,951,395)	(591,944)	363,557	(6,179,782)
Vehicles	(3,721,102)	(626,864)	570,596	(3,777,370)
Total	<u>(29,234,582)</u>	<u>(2,829,437)</u>	<u>1,754,144</u>	<u>(30,309,875)</u>
Capital assets, net	<u>\$ 73,572,151</u>			<u>\$74,809,549</u>

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

Governmental Activities:

General government	\$ 1,105,328
Public safety	909,379
Human services	18,319
Economic and physical development	57,966
Education	623,967
Cultural and recreation	114,478
Total	<u>\$ 2,829,437</u>

2. Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2019, are as follows:

	July 1, 2018	Additions	Retirements	June 30, 2019
Business-Type Activities:				
Landfill Fund:				
Non-Depreciable Assets:				
Land	\$ 1,740,814	\$ -	\$ -	\$ 1,740,814
Construction in progress	-	1,849,655	-	1,849,655
Depreciable Assets:				
Building and improvements	8,747,628	49,040	(7,700)	8,788,968
Heavy equipment	3,207,947	721,770	-	3,929,717
Vehicles	1,679,542	-	(423,410)	1,256,132
Fencing	102,116	-	-	102,116
Scales	69,083	-	(35,812)	33,271
Light equipment	269,464	20,579	(16,492)	273,551
Total	<u>15,816,594</u>	<u>2,641,044</u>	<u>(483,414)</u>	<u>17,974,224</u>
Less Accumulated Depreciation:				
Building and improvements	(5,906,043)	(365,909)	7,700	(6,264,252)
Heavy equipment	(2,602,667)	(226,945)	-	(2,829,612)
Vehicles	(1,052,534)	(171,910)	423,410	(801,034)
Fencing	(68,591)	(1,337)	-	(69,928)
Scales	(69,083)	(4,766)	35,812	(38,037)
Light equipment	(270,443)	(7,798)	16,492	(261,749)
Total	<u>(9,969,361)</u>	<u>(778,665)</u>	<u>483,414</u>	<u>(10,264,612)</u>
Capital assets, net	<u>5,847,233</u>			<u>7,709,612</u>
Flatrock/Bannertown Water and Sewer District Fund:				
Non-Depreciable Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Depreciable Assets:				
Plant and distribution	6,572,659	-	-	6,572,659
Total	<u>6,592,659</u>	<u>-</u>	<u>-</u>	<u>6,592,659</u>
Less Accumulated Depreciation:				
Plant and distribution	<u>(1,643,164)</u>	<u>(164,317)</u>	<u>-</u>	<u>(1,807,481)</u>
Capital assets, net	<u>4,949,495</u>	<u>(164,317)</u>	<u>-</u>	<u>4,785,178</u>

	July 1, 2018	Additions	Retirements	June 30, 2019
Interstates Water and Sewer District Fund:				
Non-Depreciable Assets:				
Land	\$ 2,000	\$ 58,675	\$ -	\$ 60,675
Construction in progress	5,849,531	-	(5,849,531)	-
Depreciable Assets:				
Plant and distribution	-	5,790,856	-	5,790,856
Total	<u>5,851,531</u>	<u>5,849,531</u>	<u>(5,849,531)</u>	<u>5,851,531</u>
Less Accumulated Depreciation:				
Plant and distribution	-	(144,771)	-	(144,771)
Capital assets, net	<u>5,851,531</u>	<u>5,704,760</u>	<u>(5,849,531)</u>	<u>5,706,760</u>
Airport Authority:				
Non-Depreciable Assets:				
Land	3,974,733	12,187	(3,150)	3,983,770
Construction in progress	8,749,031	1,798,150	(4,324,887)	6,222,294
Depreciable Assets:				
Land improvements	8,686,187	4,312,701	-	12,998,888
Buildings	1,298,450	-	-	1,298,450
Equipment	68,130	-	-	68,130
Vehicles & motorized equipment	19,282	25,164	-	44,446
Total	<u>22,795,813</u>	<u>6,148,202</u>	<u>(4,328,037)</u>	<u>24,615,978</u>
Less Accumulated Depreciation:				
Land improvements	(2,618,287)	(188,817)	-	(2,807,104)
Buildings	(509,836)	(30,985)	-	(540,821)
Equipment	(57,741)	(2,287)	-	(60,028)
Vehicles & motorized equipment	(19,282)	(419)	-	(19,701)
Total	<u>(3,205,146)</u>	<u>(222,508)</u>	<u>-</u>	<u>(3,427,654)</u>
Capital assets, net	<u>19,590,667</u>			<u>21,188,324</u>
Elkin Area Water and Sewer District Fund:				
Depreciable Assets:				
Plant and distribution	810,788	-	-	810,788
Less Accumulated Depreciation:				
Plant and distribution	<u>(111,485)</u>	<u>(20,270)</u>	<u>-</u>	<u>(131,755)</u>
Capital assets, net	<u>699,303</u>	<u>(20,270)</u>	<u>-</u>	<u>679,033</u>
Total business-type capital assets, net	<u>\$36,938,229</u>			<u>\$40,068,907</u>

F. Commitments

The government has active construction projects. At June 30, 2019, the government's commitments with contractors and projects were as follows:

Project	Remaining Commitment	Spent-to-Date
Dobson Elementary Renovations	\$ 736,203	\$ 8,610,864
Mountain Park Elementary Renovation	943,859	8,036,617
Franklin Elementary Renovations	771,554	6,433,295
Elkin High Gymnasium	270,877	148,773
Mt. Airy Middle HVAC	37,117	772,913
Landfill Cell Phase IV	1,429,144	4,197,245
Landfill Scale House	483,453	580,158
Airport Runway & Taxiway Extension	4,679,773	375,222
Airport Corporate Area Development	595,529	1,535,502
Airport Layout Plan	100,199	74,451
Total	<u>\$ 10,047,708</u>	<u>\$ 30,765,040</u>

G. Payables

Payables at Exhibit 1 at June 30, 2019, were as follows:

	Vendors	Accrued Interest	Total
Governmental Activities:			
General Fund	\$ 1,279,532	\$ 132,866	\$ 1,412,398
Capital project funds	1,467,075	-	1,467,075
Special revenue funds	252,840	-	252,840
Total governmental activities	<u>2,999,447</u>	<u>132,866</u>	<u>3,132,313</u>
Business-Type Activities:			
Landfill Fund	445,272	58,565	503,837
Flatrock/Bannertown			
Water & Sewer District Fund	-	7,433	7,433
Mt. Airy/Surry County Airport Authority	349,826	-	349,826
Elkin Area Water and Sewer District	9,980	-	9,980
Total business-type activities	<u>805,078</u>	<u>65,998</u>	<u>871,076</u>
Total	<u>\$ 3,804,525</u>	<u>\$ 198,864</u>	<u>\$ 4,003,389</u>

H. Pension Plan Obligations

1. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Surry County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Surry County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.81% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by

employees during the year. Contributions to the pension plan from Surry County were \$1,816,958 for the year ended June 30, 2019.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2019, the County reported a liability of \$8,247,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. As of the June 30, 2018 measurement date, the County's proportion was 0.348%, which was an increase of 0.007% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$2,212,623. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,272,422	\$ 42,696
Changes of assumptions	2,188,617	-
Net difference between projected and actual earnings on pension plan investments	1,132,162	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	132,455
County contributions subsequent to the measurement date	<u>1,816,958</u>	<u>-</u>
Total	<u><u>\$ 6,410,159</u></u>	<u><u>\$ 175,151</u></u>

\$1,816,958 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 2,137,698
2021	1,396,002
2022	229,261
2023	655,089
2024	-
Thereafter	-
Total	<u>\$ 4,418,050</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy.) The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	<u>\$ 19,811,652</u>	<u>\$ 8,247,684</u>	<u>\$ (1,415,348)</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Law Enforcement Officers' Special Separation Allowance

Plan Description. Surry County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017 (valuation date), the Separation Allowance's membership consisted of:

Inactive members receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	67
Total	<u>75</u>

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50% to 7.35%, including inflation and productivity factor
Discount rate	3.64%

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population: the RP-2014 mortality tables base rates projected

forward generationally from 2015 using MP-2015. The mortality tables vary by age and health status (i.e. disabled and healthy.)

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The County paid \$113,087 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$1,876,165. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$128,642.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 97,169	\$ 137,854
Changes of assumptions and other inputs	65,906	78,820
Benefits payments made subsequent to the measurement date	75,513	-
Total	<u>\$ 238,588</u>	<u>\$ 216,674</u>

The County paid \$75,513 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (19,454)
2021	(19,454)
2022	(19,385)
2023	(1,889)
2024	6,583
Thereafter	-
Total	<u>\$ (53,599)</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u>\$ 2,026,833</u>	<u>\$ 1,876,165</u>	<u>\$ 1,738,930</u>

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

Total pension liability as of June 30, 2018	\$ 1,794,418
Service cost	85,944
Interest on the total pension liability	55,029
Changes of benefit terms	-
Difference between expected and actual experience	117,329
Changes of assumptions or other inputs	(70,591)
Benefit payments	<u>(105,964)</u>
Total pension liability as of June 30, 2019	<u>\$ 1,876,165</u>

Changes of assumptions. Since the prior measurement date, the discount rate changed from 3.16% to 3.64% due to a change in the municipal bond rate.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The County made contributions of \$158,986 during the reporting year. No amounts were forfeited.

4. Register of Deeds’ Supplemental Pension Fund

Plan Description. Surry County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one

appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,995 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$126,502 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. As measured at June 30, 2018, the County's proportion was 0.764%, which was an increase of 0.128% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$19,657. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,115	\$ 5,774
Changes of assumptions	5,950	-
Net difference between projected and actual earnings on pension plan investments	20,163	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,322	18,673
County contributions subsequent to the measurement date	5,995	-
Total	<u>\$ 39,545</u>	<u>\$ 24,447</u>

\$5,995 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 7,716
2021	(7,686)
2022	5,942
2023	3,131
2024	-
Thereafter	-
Total	<u>\$ 9,103</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (99,739)	\$ (126,502)	\$ (149,071)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

5. Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Proportionate share of net pension liability (asset)	\$8,247,684	\$ (126,502)	N/A	\$8,121,182
Proportion of the net pension liability (asset)	0.348%	0.764%	N/A	N/A
Total pension liability	N/A	N/A	\$1,876,165	1,876,165
Pension expense	2,212,623	19,657	128,642	2,360,922

Deferred Outflows of Resources:

Differences between expected and actual experience	\$1,272,422	\$ 1,115	\$ 97,169	\$1,370,706
Changes of assumptions	2,188,617	5,950	65,906	2,260,473
Net difference between projected and actual earnings on pension plan investments	1,132,162	20,163	-	1,152,325
Changes in proportion and differences between County contributions and proportionate share of contributions	-	6,322	-	6,322
County contributions (LGERS/ROD)/ benefit payments (LEOSSA) made subsequent to the measurement date	1,816,958	5,995	75,513	1,898,466
Total	<u>\$6,410,159</u>	<u>\$ 39,545</u>	<u>\$ 238,588</u>	<u>\$6,688,292</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 42,696	\$ 5,774	\$ 137,854	\$ 186,324
Changes of assumptions	-	-	78,820	78,820
Changes in proportion and differences between County contributions and proportionate share of contributions	132,455	18,673	-	151,128
Total	<u>\$ 175,151</u>	<u>\$ 24,447</u>	<u>\$ 216,674</u>	<u>\$ 416,272</u>

6. Other Post-Employment Healthcare Benefits

Plan Description. In addition to providing pension benefits, Surry County has elected to provide post-retirement healthcare benefits to certain retirees under a single-employer plan. A full-time employee whose date of hire was on or before June 16, 2008 and also meets one of the following eligibility conditions is eligible to receive County subsidized health care benefits at the time of retirement:

- 1) Fifty-five years of age with a minimum of twenty years of service with Surry County.
- 2) Any age with a combined local government employee service of thirty years with at least twenty years of service with Surry County.

Benefits Provided. For retirees meeting the eligibility requirements, the retiree will remain on the State Health Plan through COBRA for 18 months immediately following retirement with the County paying 50% of the COBRA rate. After this, retirees can enroll in a Blue Cross Blue Shield Plan with the County paying approximately 70% (with a \$1,200 per month cap) of the Blue Advantage Silver Plan with the retiree paying the balance of the premium. Once a retiree becomes Medicare eligible, the County will pay 50% of Medicare supplement premiums. Health Care and prescription drug coverage are offered through a fully-insured group health plan for eligible retirees who have not become Medicare eligible and through Medicare Supplemental plans once Medicare eligibility is met. The County does not offer dependent coverage to retirees.

Membership of the Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Retirees receiving benefits	78
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	243
Total	321

Total OPEB Liability

The County's total OPEB liability of \$13,031,614 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Discount rate	3.89%
Health care cost trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.0% by 2023
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The discount rate is based on the June average of the Bond Buyer General Obligation 20 Year Municipal Bond Index published weekly by The Bond Buyer as of June 30, 2018.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Schedule of Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2018	\$ 13,351,331
Service cost	321,163
Interest	470,086
Changes in benefit terms	-
Difference between expected and actual experience	(31,096)
Changes in assumptions or other inputs	(783,940)
Benefit payments	(295,930)
Total OPEB liability as of June 30, 2019	<u>\$ 13,031,614</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Authority, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

Discount Rate Sensitivity

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 15,631,168	\$ 13,031,614	\$ 11,018,349

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 County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Health Care Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 11,092,944	\$ 13,031,614	\$ 15,634,644

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$448,527. At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,259	\$ 26,275
Changes of assumptions or other inputs	-	1,651,603
Benefit payments and administrative costs paid subsequent to the measurement date	352,343	-
Total	<u>\$ 358,602</u>	<u>\$ 1,677,878</u>

\$352,343 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ (347,249)
2021	(347,249)
2022	(347,249)
2023	(347,249)
2024	(225,759)
Thereafter	(56,864)
Total	<u>\$ (1,671,619)</u>

7. Other Employment Benefits

The County, pursuant to local ordinance, has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve highest months' salary in a row during the 24 months prior to the employee's death, but the benefit must be between \$25,000 and \$50,000.

Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

I. Operating Leases

The County is committed under various operating leases for land, buildings, and equipment. For the year ended June 30, 2019, total lease expenditures under these operating leases totaled \$244,688. An analysis of obligations under operating leases follows:

Year Ending June 30	Amount
2020	\$ 245,174
2021	105,265
2022	105,265
2023	105,265
Thereafter	105,265
Total	<u>\$ 666,234</u>

J. Long-Term Obligations**1. Capital Leases**

Capital leases at June 30, 2019 are comprised of the following:

	Outstanding Balance
Governmental Activities:	
Equipment lease purchase agreement, annual payments of \$66,955, including interest at 4.74% through Jan 2021	<u>\$ 124,770</u>
Business-type Activities:	
Equipment lease purchase agreement, monthly payments of \$5,776, including interest at 3.20% through March 2022, with a \$91,120 balloon payment	\$ 265,669
Equipment lease purchase agreement, monthly payments of \$4,366, including interest at 3.20% through June 2022, with a \$73,056 balloon payment	211,573
Equipment lease purchase agreement, monthly payments of \$13,506, including interest at 3.98% through October 2024	<u>721,770</u>
	<u>\$ 1,199,012</u>

At June 30, 2019 the County's leased assets were as follows:

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Governmental Activities:			
Equipment	\$ 238,274	\$ 95,310	\$ 142,964
Business-Type Activities:			
Heavy equipment	\$ 1,418,789	\$ 265,680	\$ 1,153,109

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 66,955	\$ 229,390
2021	66,955	283,415
2022	-	570,531
2023	-	162,075
2024	-	162,075
Thereafter	-	54,025
Total minimum lease payments	133,910	1,461,511
Less: amount representing interest	(9,140)	(262,499)
Present value of the minimum lease payments	\$ 124,770	\$ 1,199,012

2. Installment Purchases and Notes Payable – Direct Borrowings**Serviced by Governmental Funds**

The County has incurred direct borrowing installment debt to finance various property acquisitions, construction, and improvements for use by Surry County and the Surry County Board of Education. The related property for each installment purchase is pledged as collateral for the debt. Principal and interest requirements are appropriated when due.

Original Issue			Payment Information		Outstanding		Purpose
Amount	Date	Rate	Period	Principal Amount	Balance		
Governmental activities:							
\$ 1,800,000	Dec 2016	0.00%	Annual	\$ -	\$ 1,800,000	School QZAB	
2,000,000	June 2007	0.00%	Annual	-	2,000,000	School QZAB	
5,600,000	June 2009	3.58%	Semi-annual	233,333	933,334	School	
8,914,879	June 2010	5.88%	Semi-annual	-	8,914,879	School QSCB	
1,563,270	June 2010	5.88%	Semi-annual	352,389-778,905	431,977	School QZAB	
1,194,555	June 2011	4.07%	Quarterly	19,229-19,822	754,464	Equipment	
2,000,000	June 2011	5.00%	Semi-annual	110,628-113,393	482,116	School QSCB	
5,600,000	June 2011	4.62%	Annual	615,625	1,231,250	Economic development	
5,000,000	June 2016	2.00%	Semi-annual	250,000	3,500,000	Sewer System	
					<u>\$ 20,048,020</u>		
Business-type activities:							
\$ 6,690,000	Jan 2019	3.60%	Annual	\$565,904-782,484	\$ 6,690,000	Solid Waste	

Annual debt service requirements to maturity for installment purchase contracts and notes payable serviced by governmental funds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 3,463,558	\$ 730,913	\$ 565,904	\$ 230,654
2021	3,477,628	568,629	586,650	209,908
2022	2,163,973	412,833	608,157	188,401
2023	2,172,422	306,785	630,452	166,106
2024	5,977,159	200,449	653,564	142,994
2025-2029	2,793,280	104,590	3,645,273	337,519
Total	<u>\$ 20,048,020</u>	<u>\$ 2,324,199</u>	<u>\$ 6,690,000</u>	<u>\$ 1,275,582</u>

3. Bonds Payable

Serviced by the General Fund

All general obligation bonds serviced by the County's General Fund are collateralized by the full-faith, credit, and taxing power of Surry County. Collateral for the limited obligation bonds are the assets purchased or constructed with the proceeds of the bonds. Principal and interest payments are appropriated when due.

Bonds payable are comprised of the following issues:

Original Issue			Payment Information		Outstanding		Purpose
Amount	Date	Rate	Period	Amount	Balance		
General Obligation Bonds							
\$ 1,100,000	February 2010	2%-5%	Annual	\$55,000 - \$75,000	<u>\$ 605,000</u>	Construct: County Buildings	
Limited Obligation Bonds							
\$ 7,630,000	March 2018	3%-5%	Annual	\$380,000 - \$385,000	\$ 7,245,000	Construct: County Buildings, Schools, Courthouse	
\$ 22,380,000	May 2019	3%-5%	Annual	\$1,175,000 - \$1,180,000	<u>22,380,000</u>		
					<u>\$ 29,625,000</u>		

The Limited Obligation Bonds (LOBs) Series 2018 and Series 2019 were issued premiums of \$468,159 and \$3,130,896, respectively, which is deferred on the statement of net position and amortized over the life of the bonds. The remaining unamortized premium at June 30, 2019 was \$3,541,958.

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending June 30	General Obligation Bonds		Limited Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 55,000	\$ 26,281	\$ 385,000	\$ 1,382,518
2021	55,000	24,288	1,565,000	1,286,450
2022	55,000	21,538	1,565,000	1,220,000
2023	55,000	18,788	1,565,000	1,153,550
2024	55,000	16,038	1,565,000	1,075,300
2025 - 2029	330,000	42,038	7,800,000	4,205,250
2030 - 2034	-	-	7,785,000	2,327,725
2035 - 2039	-	-	7,395,000	730,825
Total	\$ 605,000	\$ 148,971	\$ 29,625,000	\$ 13,381,618

Serviced by the Proprietary Funds

The USDA direct borrowing general obligation bonds serviced by the Flatrock/Bannertown Water and Sewer District of Surry County are collateralized by the full-faith, credit, and taxing power of Surry County. Principal and interest payments are appropriated when due.

Bonds payable is comprised of the following issue:

Original Issue			Payment Information		Outstanding	Purpose
Amount	Date	Rate	Period	Amount	Balance	
				\$29,000 -		Construct:
\$ 2,548,000	Sept 2007	4.25%	Annual	\$116,000	<u>\$ 2,202,000</u>	Water and Sewer Series 2007

Annual debt service requirements to maturity for the bonds are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 43,000	\$ 97,028
2021	45,000	93,585
2022	47,000	91,758
2023	49,000	89,845
2025	51,000	87,848
2024-2028	289,000	406,258
2029-2033	355,000	342,168
2034-2038	437,000	263,373
2039-2043	538,000	166,345
2044-2048	348,000	49,300
Total	<u>\$ 2,202,000</u>	<u>\$ 1,687,508</u>

4. Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance			Balance	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion of
					Balance
Governmental Activities:					
General obligation bonds	\$ 660,000	\$ -	\$ 55,000	\$ 605,000	\$ 55,000
Limited obligation bonds	7,630,000	22,380,000	385,000	29,625,000	385,000
Premium on bonds	468,159	3,130,896	57,097	3,541,958	-
Direct borrowing					
installment purchases	25,334,260	-	5,286,240	20,048,020	3,463,558
Capital lease	182,864	-	58,094	124,770	60,909
Net pension liability (LGERS)	5,112,532	2,970,198	-	8,082,730	-
Compensated absences	2,036,581	3,257,756	3,008,991	2,285,346	1,828,000
Total OPEB liability	12,950,791	-	310,125	12,640,666	-
Total pension liability (LEOSSA)	1,794,418	81,747	-	1,876,165	-
Total governmental activities	<u>\$ 56,169,605</u>	<u>\$ 31,820,597</u>	<u>\$ 9,160,547</u>	<u>\$ 78,829,655</u>	<u>\$ 5,792,467</u>
Business-Type Activities:					
Landfill Fund:					
Direct borrowing					
installment purchases	\$ -	\$ 6,690,000	\$ -	\$ 6,690,000	\$ 565,904
Capital leases	581,670	721,770	104,428	1,199,012	185,396
Net pension liability (LGERS)	104,337	60,617	-	164,954	-
Total OPEB liability	400,540	-	9,592	390,948	-
Accrued landfill closure					
and post-closure care cost	3,489,296	725,441	484,190	3,730,547	232,000
Compensated absences	51,920	51,135	55,678	47,377	38,000
Total Landfill Fund:	<u>4,627,763</u>	<u>8,248,963</u>	<u>653,888</u>	<u>12,222,838</u>	<u>1,021,300</u>
Flatrock/Bannertown Water and Sewer District Fund:					
Direct borrowing USDA					
general obligation bonds	2,243,000	-	41,000	2,202,000	43,000
Total business-type activities	<u>\$ 6,870,763</u>	<u>\$ 8,248,963</u>	<u>\$ 694,888</u>	<u>\$ 14,424,838</u>	<u>\$ 1,064,300</u>

Compensated absences and the net pension and other post-employment benefit obligations typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

At June 30, 2019, the County had a legal debt margin of approximately \$432,000,000.

5. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2019, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 74,809,549	\$ 40,068,907
Less: total capital debt	(53,944,748)	(10,091,012)
Add: unexpended debt proceeds	25,910,274	5,604,297
Net investment in capital assets	<u>\$ 46,775,075</u>	<u>\$ 35,582,192</u>

3. Deferred Outflows and Inflows of Resources

Deferred outflows as of June 30, 2019, are composed of the following:

Source	Governmental Activities	Business-Type Activities	Total
Contributions to LGERS pension in current year	\$ 1,780,619	\$ 36,339	\$ 1,816,958
Contributions to ROD pension in current year	5,995	-	5,995
LEOSSA benefit payments and admin expenses pade after December 31, 2018	75,513	-	75,513
Pension deferrals (LGERS)	4,501,337	91,864	4,593,201
Pension deferrals (ROD)	33,550	-	33,550
Pension deferrals (LEOSSA)	163,075	-	163,075
OPEB benefit payments and admin costs paid in current year	341,773	10,570	352,343
OPEB deferrals	6,071	188	6,259
Total	<u>\$ 6,907,933</u>	<u>\$ 138,961</u>	<u>\$ 7,046,894</u>

Deferred inflows as of June 30, 2019, are composed of the following:

Source	Governmental Activities	Business-Type Activities	Total	Governmental Funds
Pension deferrals (LGERS)	\$ 171,648	\$ 3,503	\$ 175,151	\$ -
Pension deferrals (ROD)	24,447	-	24,447	-
Pension deferrals (LEOSSA)	216,674	-	216,674	-
OPEB deferrals	1,627,542	50,336	1,677,878	-
Prepaid taxes (General Fund)	73,955	-	73,955	73,955
Taxes receivable, net (General Fund)	-	-	-	750,157
Taxes receivable, net (special revenue funds)	-	-	-	102,729
Total	<u>\$ 2,114,266</u>	<u>\$ 53,839</u>	<u>\$ 2,168,105</u>	<u>\$ 926,841</u>

4. Interfund Balances and Activity

The following is a summary of interfund transfers:

	Transfers	
	Amount	Purpose
Transfers from:		
Transfers to:		
General Fund		For County matching funds
Mt. Airy/Surry County Airport Authority	\$ 306,364	for Airport capital projects
General Fund		County match for installation of
Grants Project Fund	100,538	sewer lines
General Fund		To supplement other funding
Elkin Area Water/Sewer Fund	6,737	sources for water/sewer operations
General Fund		To supplement other funding
Flat Rock/Bannertown Water/Sewer Fund	45,522	sources for water/sewer operations
General Fund		To fund various County
County Buildings Capital Project Fund	589,763	capital projects
General Fund		Intrafund transfer
Revaluation Fund	220,242	
General Fund		Intrafund transfer
Capital Improvement Fund	5,181,904	
County Buildings Capital Project Fund		To fund current projects
Capital Improvement Fund	33,130	
Capital Improvement Fund		To fund current projects
Schools Capital Project Fund	135,200	
Capital Improvement Fund		Intrafund transfer
Schools Capital Outlay Fund	2,900,543	
Capital Improvement Fund		Intrafund transfer
General Fund	5,976,023	
Total	<u>\$ 15,495,966</u>	

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Schools Capital Project Fund	\$ 163,906
General Fund	Grants Project Fund	23,963
General Fund	Flat Rock/Bannertown Water/Sewer Fund	452,889
General Fund	Elkin Area Water/Sewer Fund	10,219
Total		<u>\$ 650,977</u>

The interfund balances above are advances until project financing is received.

5. Benefit Payments Issued by the State

Certain amounts were paid directly to individual recipients by the State from Federal and State monies on behalf of the County. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements, because they are not revenues and expenditures of the County.

6. Related Organization

Northern Hospital Board of Trustees. The Chairman of the County's governing board is responsible for appointing the members of the Board of the Northern Hospital Board of Trustees. The County's accountability for this organization does not extend beyond making these appointments. The entity exists to provide healthcare services for persons inside and outside the County. Complete financial statements for the Northern Hospital of Surry County may be obtained at P.O. Box 1101, 830 Rockford Street, Mount Airy, North Carolina 27030.

7. Joint Ventures

The County, in conjunction with the Counties of Yadkin, Burke, Gaston, Catawba, Lincoln, Cleveland, and Iredell, participate in Partners Behavioral Health Management. The County appoints two members out of the twenty-one member Board. The entity exists to provide mental health services for the citizens of all seven counties. The County contributed \$201,728 to the entity during the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the Mental Health Authority may be obtained from the Mental Health Authority's administrative offices at 901 South New Hope Road Gastonia, North Carolina 28054.

The County also participates in a joint venture to operate the Northwest Regional Library (the "Library") with four other local governments. The County appoints four members, and the other three participating governments each appoint three Board members to the thirteen-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$479,039 to the Library for the year ended June 30, 2019, to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 111 North Front Street, Elkin, North Carolina 28621.

The County, in conjunction with the State of North Carolina and the County Boards of Education, participates in a joint venture to operate Surry Community College (the “Community College”). Each of the three participants appoints four members of the fourteen-member Board of Trustees of the Community College. The President of the Student Government Association of the Community College serves as a non-voting, ex-officio member of the Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for operations of the Community College. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the facilities of the Community College. The County contributed \$2,953,567 to the Community College for operating purposes during the fiscal year ended June 30, 2019. In addition, the County has previously issued general obligation bonds of \$3,500,000 and installment financing of \$5,574,000 for Community College capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2019. Complete financial statements for the Community College may be obtained from the Community College’s administrative offices at South Main Street, Dobson, North Carolina 27017.

8. Jointly Governed Organization

The County, in conjunction with eleven other counties and sixty-one other municipalities, participates in the Piedmont Triad Regional Council of Governments (the “Council”). The Council was established to coordinate various funding received from Federal and State agencies. Each participating government appoints one member of the Council’s governing board. The County \$185,643 to the Council during the fiscal year ended June 30, 2019. Complete financial statements for the Council may be obtained at 400 West Fourth Street, Suite 400, Winston-Salem, North Carolina 27101.

The County, in conjunction with three other counties and the Piedmont Triad Regional Council, established the Surry County Housing Consortium (the “Consortium”). The participating counties established the Consortium to administer the Home Program, a Federal grant from the U.S. Department of Housing and Urban Development. Each county appoints three members and three alternative members to the Consortium’s governing board. The County is the lead agency for the Consortium, and the revenues and expenditures of the Consortium are reported in the General Fund.

The County, in conjunction with four other counties and fourteen other municipalities, established the Yadkin Valley Economic Development District, Inc. (the “District”). The participating governments established the District to oversee the economic development of the District. The County appoints three members and three alternative members of a twenty-seven member governing board. The County disbursed \$369,695 to the District during the fiscal year ended June 30, 2019. Complete financial statements for the District may be obtained at P.O. Box 309, Boonville, North Carolina 27011.

9. Closure and Post-Closure Care Costs – Landfill Facilities

Federal and State laws and regulations have required the County to place a final cover on two landfill facilities located in Mount Airy and Elkin, North Carolina, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. The closure and post-closure care costs are paid only near or after the date that the landfills stop accepting waste. The County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity use as of each balance sheet date.

The County closed two municipal solid waste (MSW) landfills in 1998; however the landfills continued to be permitted for construction and demolition material. In 2009, these landfills were permanently closed and 100% of the estimated post-closure costs had been accrued. These funds will be used for required monitoring and related costs for a period of 30 years. As of June 30, 2019, Surry County is responsible for 20 years of additional monitoring and reports post-closure liability of \$922,506 for these two landfills.

In 1998, Surry County opened a third Subtitle D lined landfill. This landfill was expanded in 2009 with the opening of a new eleven-acre cell. This expansion increased the expected useful life of the landfill from 9 to 25 years. The County expects to close the current cells in 2034. Current estimates for closure, post-closure, and potential corrective actions total \$8,017,599. These amounts are based on what it would cost to perform all closure, post-closure care, and any potential corrective actions in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Based on years of expected life, the Subtitle D landfill has 60% remaining capacity. The \$2,808,041 reported as landfill closure and post-closure care liability at June 30, 2019, represents the cumulative amount reported to date for the closure, post-closure care, and potential corrective action costs of the Subtitle D landfill. The County will recognize the remaining \$5.2 million of estimated cost as the remaining capacity is filled.

The County has met the requirements of a local government financial test that is one option under Federal and State laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements. The County has also elected to establish a fund to accumulate resources for the payment of expansion, closure, and post-closure care costs. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

10. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial coverage for general liability, property and casualty, errors and omissions, and umbrella insurance. Through this coverage, the County obtains property coverage equal to replacement cost values of owned property with the exception of contractor's equipment, which is insured for actual cash value and vehicles that are insured for actual cash value or the cost of repair. Commercial automobile liability has a limit of \$1,000,000 per accident. The County's general liability coverage has a limit of \$1,000,000 for each occurrence and a \$2,000,000 aggregate limit. The County's errors and omissions coverage has a limit of \$1,000,000 per occurrence with an aggregate limit of \$2,000,000. In addition to the coverage above, the County has umbrella coverage with per occurrence and aggregate limits of \$8,000,000.

The County provides worker's compensation coverage through a self-insurance pool managed by the North Carolina Association of County Commissioners.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three years.

The County carries \$1,000,000 per occurrence with aggregate limits of \$5,000,000 in flood insurance except for zones A, V, and D.

The County carries cyber security coverage with \$1,000,000 per occurrence and aggregate with a \$25,000 retention. This includes Part A, advertising & communications liability, Part B, professional & technology services liability, Part C, network security & privacy liability (including regulatory coverage), and Part D, first-party network security & privacy coverage.

In accordance with G.S. 159-29, the County's Finance Officer and Tax Collector are each individually bonded for \$250,000 and \$100,000, respectively. The remaining employees that have access to funds are insured with a commercial carrier.

The Health and Nutrition Center carries malpractice insurance through a commercial carrier. The County also provides employee life insurance coverage through a commercial carrier. The County provides workers' compensation coverage through a self-funded plan and healthcare coverage through the State Health Plan. Claims are managed by third-party administrators and the County obtains specific and aggregate stop-loss coverage through private insurers.

11. Claims and Judgments

At June 30, 2019, the County was defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

12. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

The County has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

13. Special Item

During the year, the County transferred the Mt. Airy Middle School building to the school system. Therefore, the net book value of the school of \$2,018,167 was remove from the County's capital assets, which also reduced the County's net position by this amount, which is reflected as a special item on the statement of activities.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST THREE FISCAL YEARS*

Schedule of Changes in Total Pension Liability

	2019	2018	2017
Service cost	\$ 85,944	\$ 68,265	\$ 76,899
Interest on the total pension liability	55,029	70,263	64,540
Difference between expected and actual experience	117,329	(217,082)	-
Changes of assumptions or other inputs	(70,591)	103,782	(40,785)
Benefit payments	(105,964)	(102,181)	(74,237)
Net change in total pension liability	81,747	(76,953)	26,417
Total pension liability - beginning	1,794,418	1,871,371	1,844,954
Total pension liability - ending	\$ 1,876,165	\$ 1,794,418	\$ 1,871,371

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total pension liability	\$ 1,876,165	\$ 1,794,418	\$ 1,871,371
Covered payroll	2,866,821	2,687,900	2,664,984
Total pension liability as a percentage of covered payroll	65.44%	66.76%	70.22%

Notes to the Schedules:

Surry County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal year	Rate
2016	3.57%
2017	3.86%
2018	3.16%
2019	3.64%

For the December 31, 2017 measurement date, the assumed rate of inflation was reduced from 3.00% to 2.50% and assumed wage inflation was increased from 0.5% to 1.0%.

*The amounts presented for each fiscal year were determined as of the prior year ended December 31.

SURRY COUNTY, NORTH CAROLINA

Schedule A-2

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS*

Schedule of Changes in Total OPEB Liability and Related Ratios

	2019	2018
Service cost	\$ 321,163	\$ 370,071
Interest	470,086	425,578
Difference between expected and actual experience	(31,096)	9,071
Changes of assumptions and other inputs	(783,940)	(1,433,790)
Benefit payments	<u>(295,930)</u>	<u>(314,484)</u>
Net change in total OPEB liability	(319,717)	(943,554)
Total OPEB liability - beginning	<u>13,351,331</u>	<u>14,294,885</u>
Total OPEB liability - ending	<u><u>\$ 13,031,614</u></u>	<u><u>\$ 13,351,331</u></u>
 Covered payroll	 \$ 10,188,045	 \$ 10,188,045
Total OPEB liability as a percentage of covered payroll	127.91%	131.05%

Notes to the Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2017	3.06%
2018	3.56%
2019	3.89%

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

SURRY COUNTY, NORTH CAROLINA

Schedule A-3

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS*

Schedule of County's Proportionate Share of Net Pension Liability (Asset)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.348%	0.341%	0.351%	0.339%	0.349%	0.359%
County's proportion of the net pension liability (asset) (\$)	\$ 8,247,684	\$ 5,216,869	\$ 7,442,180	\$ 1,520,559	\$ (2,058,097)	\$ 4,329,739
County's covered payroll	21,741,606	20,591,016	19,988,882	18,854,879	18,937,709	18,384,324
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.94%	25.34%	37.23%	8.06%	(10.87%)	23.55%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Schedule of County Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,816,958	\$ 1,651,981	\$ 1,531,692	\$ 1,350,765	\$ 1,345,970	\$ 1,348,216
Contributions in relation to the contractually required contribution	<u>1,816,958</u>	<u>1,651,981</u>	<u>1,531,692</u>	<u>1,350,765</u>	<u>1,345,970</u>	<u>1,348,216</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Surry County's covered payroll	\$23,110,541	\$21,741,606	\$20,591,016	\$19,988,882	\$18,854,879	\$18,937,709
Contributions as a percentage of covered payroll	7.86%	7.60%	7.44%	6.76%	7.14%	7.12%

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS*

Schedule of County's Proportionate Share of Net Pension Liability (Asset)

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.764%	0.636%	0.717%	0.707%	0.706%	0.672%
County's proportion of the net pension liability (asset) (\$)	\$ (126,502)	\$ (108,578)	\$ (134,024)	\$ (163,852)	\$ (160,112)	\$ (143,618)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Schedule of County Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,995	\$ 5,946	\$ 6,117	\$ 5,856	\$ 4,637	\$ 4,601
Contributions in relation to the contractually required contribution	<u>5,995</u>	<u>5,946</u>	<u>6,117</u>	<u>5,856</u>	<u>4,637</u>	<u>4,601</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

SURRY COUNTY, NORTH CAROLINA

Schedule B-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Schools Capital Outlay Fund	Revaluation Fund	Capital Improvement Fund	Total General Fund
Revenues:					
Ad valorem taxes	\$ 35,783,766	\$ -	\$ -	\$ -	\$ 35,783,766
Local option sales taxes	15,341,397	-	-	3,823,867	19,165,264
Unrestricted intergovernmental	551,430	-	-	749,605	1,301,035
Restricted intergovernmental	9,734,269	-	-	591,750	10,326,019
Permits and fees	867,757	-	-	-	867,757
Sales, services, and rents	9,935,148	-	-	-	9,935,148
Investment earnings	941,831	-	-	94,027	1,035,858
Miscellaneous	513,209	-	-	-	513,209
Total revenues	<u>73,668,807</u>	<u>-</u>	<u>-</u>	<u>5,259,249</u>	<u>78,928,056</u>
Expenditures:					
General government	10,033,211	-	272,721	-	10,305,932
Public safety	20,447,315	-	-	-	20,447,315
Economic and physical development	1,568,980	-	-	-	1,568,980
Human services	16,690,154	-	-	-	16,690,154
Cultural and recreation	1,237,269	-	-	-	1,237,269
Education	15,870,997	2,992,994	-	-	18,863,991
Debt service:					
Principal repayments	5,784,334	-	-	-	5,784,334
Interest	1,313,292	-	-	-	1,313,292
Total expenditures	<u>72,945,552</u>	<u>2,992,994</u>	<u>272,721</u>	<u>-</u>	<u>76,211,267</u>
Revenues over (under) expenditures	<u>723,255</u>	<u>(2,992,994)</u>	<u>(272,721)</u>	<u>5,259,249</u>	<u>2,716,789</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	33,130	33,130
Transfers out	(1,048,924)	-	-	(135,200)	(1,184,124)
Intrafund transfers	573,877	2,900,543	220,242	(3,694,662)	-
Sale of capital assets	558,533	-	-	-	558,533
Total other financing sources (uses)	<u>83,486</u>	<u>2,900,543</u>	<u>220,242</u>	<u>(3,796,732)</u>	<u>(592,461)</u>
Net change in fund balances	<u>806,741</u>	<u>(92,451)</u>	<u>(52,479)</u>	<u>1,462,517</u>	<u>2,124,328</u>
Fund balances, beginning of year	<u>34,814,189</u>	<u>534,359</u>	<u>73,356</u>	<u>5,609,014</u>	<u>41,030,918</u>
Fund balances, end of year	<u>\$ 35,620,930</u>	<u>\$ 441,908</u>	<u>\$ 20,877</u>	<u>\$ 7,071,531</u>	<u>\$ 43,155,246</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 1 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 29,503,499	\$ 31,733,598	\$ 2,230,099
Gross receipts on motor vehicles	3,392,119	3,745,238	353,119
Interest and fees	280,000	304,930	24,930
Total	<u>33,175,618</u>	<u>35,783,766</u>	<u>2,608,148</u>
Other Taxes:			
Local Option Sales Tax:			
Article 39 - one percent	7,100,000	7,850,609	750,609
Article 40 - one-half of one percent	2,940,000	3,511,816	571,816
Article 42 - one-half of one percent	1,440,000	1,629,672	189,672
Article 44 - one-half of one percent	-	160	160
Article 46 - one-quarter of one percent	2,100,000	2,349,140	249,140
Total	<u>13,580,000</u>	<u>15,341,397</u>	<u>1,761,397</u>
Unrestricted Intergovernmental Revenues:			
Franchise and utility tax	250,000	272,780	22,780
Beer and wine tax and licenses	240,500	244,302	3,802
Rental vehicle tax	20,000	34,348	14,348
Total	<u>510,500</u>	<u>551,430</u>	<u>40,930</u>
Restricted Intergovernmental Revenues:			
Federal and State grants:			
Cooperative extension	13,815	10,560	(3,255)
Court facility fees	90,000	81,963	(8,037)
EMS	430,580	419,556	(11,024)
Health	2,504,447	2,309,471	(194,976)
Parks and recreation	11,000	8,329	(2,671)
Sheriff	236,660	376,842	140,182
Social services	6,214,866	5,768,613	(446,253)
Home program (HUD)	1,198,500	424,431	(774,069)
Soil and water	540,073	530,028	(10,045)
Miscellaneous	2,000	8,788	6,788
Total	<u>11,241,941</u>	<u>9,938,581</u>	<u>(1,303,360)</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 2 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Licenses and Permits:			
Building permits and inspection fees	308,500	306,927	(1,573)
Register of Deed's fees	508,740	560,830	52,090
Total	<u>817,240</u>	<u>867,757</u>	<u>50,517</u>
 Sales, Services, and Rents:			
Ambulance fees	4,100,000	5,718,214	1,618,214
Animal control fees	36,600	50,237	13,637
Court costs - Sheriff's fees	38,000	39,567	1,567
Environmental health fees	110,000	106,769	(3,231)
Handgun and fingerprint fees	44,500	62,412	17,912
Hazmat fees	27,324	51,600	24,276
Health dept - miscellaneous fees	198,392	198,172	(220)
Health dept - cost settlement	940,384	1,516,162	575,778
Health dept - patient fees - Medicaid	2,290,033	1,530,618	(759,415)
Health dept - patient fees - Medicare	51,925	49,452	(2,473)
Health dept - patient fees - private insurance	124,100	167,463	43,363
Jail fees	50,250	70,433	20,183
Officers' fees	80,600	62,991	(17,609)
Rental income - other	143,000	130,465	(12,535)
Sale of surplus property	10,000	25,491	15,491
Social services fees	848	1,702	854
State confinement	95,000	136,424	41,424
Other sales, services, and rents	28,590	16,976	(11,614)
Total	<u>8,369,546</u>	<u>9,935,148</u>	<u>1,565,602</u>
 Investment Earnings	<u>233,194</u>	<u>941,831</u>	<u>708,637</u>
 Miscellaneous Revenues:			
Commission - pay telephones	58,000	70,158	12,158
Donations	49,182	40,779	(8,403)
Insurance refunds	99,292	132,104	32,812
Sheriff	221,000	176,748	(44,252)
Other miscellaneous revenue	80,765	93,420	12,655
Total	<u>508,239</u>	<u>513,209</u>	<u>4,970</u>
 Total revenues	<u>68,436,278</u>	<u>73,873,119</u>	<u>5,436,841</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 3 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and benefits		66,189	
Operating expenditures		463,365	
Capital outlay		182,331	
Total	<u>725,136</u>	<u>711,885</u>	<u>13,251</u>
Administration:			
Salaries and benefits		215,810	
Operating expenditures		15,578	
Total	<u>234,826</u>	<u>231,388</u>	<u>3,438</u>
Front Line Reception:			
Salaries and benefits		151,508	
Operating expenditures		693	
Total	<u>159,780</u>	<u>152,201</u>	<u>7,579</u>
Dobson Plaza:			
Operating expenditures		120,518	
Total	<u>145,260</u>	<u>120,518</u>	<u>24,742</u>
Human Resources:			
Salaries and benefits		441,125	
Operating expenditures		62,502	
Total	<u>539,430</u>	<u>503,627</u>	<u>35,803</u>
Internal Audit:			
Salaries and benefits		87,266	
Operating expenditures		2,557	
Total	<u>90,129</u>	<u>89,823</u>	<u>306</u>
Finance:			
Salaries and benefits		482,728	
Operating expenditures		108,900	
Total	<u>677,958</u>	<u>591,628</u>	<u>86,330</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 4 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Tax Director:			
Salaries and benefits		969,633	
Operating expenditures		587,235	
Capital outlay		25,035	
Total	<u>1,627,788</u>	<u>1,581,903</u>	<u>45,885</u>
County Attorney:			
Salaries and benefits		7,605	
Operating expenditures		126,886	
Total	<u>170,000</u>	<u>134,491</u>	<u>35,509</u>
Elections:			
Salaries and benefits		290,892	
Operating expenditures		109,669	
Capital outlay		221,153	
Total	<u>727,673</u>	<u>621,714</u>	<u>105,959</u>
Register of Deeds:			
Salaries and benefits		447,336	
Operating expenditures		84,609	
Automation fund		33,738	
Total	<u>599,372</u>	<u>565,683</u>	<u>33,689</u>
Judicial Center Building:			
Salaries and benefits		37,014	
Operating expenditures		470,323	
Total	<u>542,673</u>	<u>507,337</u>	<u>35,336</u>
Cooper Street Building:			
Operating expenditures		15,895	
Total	<u>16,188</u>	<u>15,895</u>	<u>293</u>
Permit and Health Building:			
Operating expenditures		81,096	
Total	<u>107,465</u>	<u>81,096</u>	<u>26,369</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 5 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Communications Center:			
Operating expenditures		33,759	
Total	<u>37,500</u>	<u>33,759</u>	<u>3,741</u>
 Building and Grounds - County:			
Salaries and benefits		369,976	
Operating expenditures		473,491	
Capital outlay		39,110	
Total	<u>991,441</u>	<u>882,577</u>	<u>108,864</u>
 Court Facilities - Shared:			
Operating expenditures		94,763	
Total	<u>94,368</u>	<u>94,763</u>	<u>(395)</u>
 Court Facilities:			
Operating expenditures		40,258	
Total	<u>48,308</u>	<u>40,258</u>	<u>8,050</u>
 Agriculture Building:			
Operating expenditures		30,047	
Total	<u>32,300</u>	<u>30,047</u>	<u>2,253</u>
 Health Department Building:			
Operating expenditures		37,411	
Total	<u>61,940</u>	<u>37,411</u>	<u>24,529</u>
 Human Services Building - Mt. Airy:			
Operating expenditures		169,138	
Total	<u>201,000</u>	<u>169,138</u>	<u>31,862</u>
 Admin/Social Services Building:			
Salaries and benefits		149,528	
Operating expenditures		90,856	
Total	<u>274,555</u>	<u>240,384</u>	<u>34,171</u>
 Sheriff's Building:			
Operating expenditures		61,288	
Total	<u>61,118</u>	<u>61,288</u>	<u>(170)</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 6 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Appropriations:			
Surry County Arts Council	11,115	11,115	-
Foothills Arts Council	5,985	5,985	-
Friends of Youth	49,600	49,600	-
American Red Cross	10,000	10,000	-
Town of Dobson	25,000	25,000	-
Crater Park Lighting	100,000	100,000	-
Shoals Community Rec Center	20,000	20,000	-
Partnership for Drug Free America	2,950	2,950	-
Surry Scan	9,147	9,147	-
Yokefellow Cooperative	5,000	5,000	-
Tri-County Ministries	5,000	5,000	-
Armfield Recreation Center	25,000	25,000	-
Echo Ministry	6,000	6,000	-
Foothills Food Pantry	5,000	5,000	-
Children's Center of Surry	7,000	7,000	-
Elkin Valley Trail Association	20,000	15,000	5,000
Economic Development Partnership	155,000	155,000	-
Seams Ministries	5,000	5,000	-
Total	<u>466,797</u>	<u>461,797</u>	<u>5,000</u>
Non-Departmental Expenditures:			
Insurance and bonding		11,887	
Other operating expenditures		(987)	
Total	<u>429,496</u>	<u>10,900</u>	<u>418,596</u>
Central Services:			
Operating expenditures		121,296	
Capital outlay		26,461	
Total	<u>337,872</u>	<u>147,757</u>	<u>190,115</u>
Management Information Services:			
Salaries and benefits		343,564	
Operating expenditures		321,893	
Capital outlay		5,596	
Total	<u>769,597</u>	<u>671,053</u>	<u>98,544</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 7 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Insurance:			
Retiree insurance		352,343	
Dental and vision		122,025	
Employee programs		88,509	
Employee wellness		168,160	
Workers' compensation		511,853	
Total	<u>1,450,820</u>	<u>1,242,890</u>	<u>207,930</u>
 Total general government	 <u>11,620,790</u>	 <u>10,033,211</u>	 <u>1,587,579</u>
 Public Safety:			
Sheriff's Department:			
Salaries and benefits		4,367,040	
Operating expenditures		915,346	
Capital outlay		280,616	
Total	<u>5,648,773</u>	<u>5,563,002</u>	<u>85,771</u>
 Pre-Trial Release:			
Salaries and benefits		14,098	
Operating expenditures		124,915	
Total	<u>163,777</u>	<u>139,013</u>	<u>24,764</u>
 Sheriff - Special:			
Levy		30,585	
Total	<u>50,000</u>	<u>30,585</u>	<u>19,415</u>
 Sheriff - Narcotics:			
Operating expenditures		35,038	
Capital outlay		43,390	
Total	<u>99,145</u>	<u>78,428</u>	<u>20,717</u>
 School Resource Officer:			
Salaries and benefits		202,702	
Operating expenditures		6,623	
Total	<u>210,191</u>	<u>209,325</u>	<u>866</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 8 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Middle School SRO:			
Salaries and benefits		222,249	
Operating expenditures		<u>2,657</u>	
Total	<u>230,091</u>	<u>224,906</u>	<u>5,185</u>
 County Jail:			
Salaries and benefits		1,780,545	
Operating expenditures		1,583,488	
Capital outlay		<u>49,726</u>	
Total	<u>3,451,444</u>	<u>3,413,759</u>	<u>37,685</u>
 Fire and Rescue:			
Operating expenditures		50,000	
Annual appropriation		<u>324,506</u>	
Total	<u>378,691</u>	<u>374,506</u>	<u>4,185</u>
 Inspections:			
Salaries and benefits		327,208	
Operating expenditures		<u>42,593</u>	
Total	<u>391,603</u>	<u>369,801</u>	<u>21,802</u>
 COPS More Grant:			
Operating expenditures		<u>4,119</u>	
Total	<u>5,000</u>	<u>4,119</u>	<u>881</u>
 Communications Center:			
Salaries and benefits		896,588	
Operating expenditures		338,490	
Capital outlay		<u>84,489</u>	
Total	<u>1,476,378</u>	<u>1,319,567</u>	<u>156,811</u>
 Emergency Management:			
Salaries and benefits		115,242	
Operating expenditures		48,128	
Capital outlay		<u>49,948</u>	
Total	<u>227,348</u>	<u>213,318</u>	<u>14,030</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 9 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire Marshal:			
Salaries and benefits		220,706	
Operating expenditures		53,398	
Capital outlay		17,071	
Total	<u>309,782</u>	<u>291,175</u>	<u>18,607</u>
Medical Examiner:			
Salaries and benefits		3,739	
Professional services		61,450	
Total	<u>101,800</u>	<u>65,189</u>	<u>36,611</u>
Emergency Medical Services:			
Salaries and benefits		4,757,352	
Operating expenditures		1,328,181	
Capital outlay		345,061	
Total	<u>6,581,227</u>	<u>6,430,594</u>	<u>150,633</u>
Convalescent Services:			
Salaries and benefits		238,832	
Operating expenditures		51,564	
Total	<u>331,030</u>	<u>290,396</u>	<u>40,634</u>
Animal Control:			
Salaries and benefits		392,423	
Operating expenditures		154,877	
Capital outlay		65,521	
Total	<u>659,249</u>	<u>612,821</u>	<u>46,428</u>
Homeland Security Grant:			
Operating expenditures		4,755	
Total	<u>30,500</u>	<u>4,755</u>	<u>25,745</u>
Judicial Center Officers:			
Salaries and benefits		159,120	
Operating expenditures		486	
Total	<u>171,474</u>	<u>159,606</u>	<u>11,868</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 10 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
NCEM Grant:			
Operating expenditures		1,080	
Total	<u>1,080</u>	<u>1,080</u>	<u>-</u>
 Development Services:			
Salaries and benefits		467,453	
Operating expenditures		99,232	
Total	<u>580,685</u>	<u>566,685</u>	<u>14,000</u>
 Opioid Response:			
Salaries and benefits		75,141	
Operating expenditures		9,544	
Total	<u>113,345</u>	<u>84,685</u>	<u>28,660</u>
 Total public safety	<u>21,212,613</u>	<u>20,447,315</u>	<u>765,298</u>
 Economic and Physical Development:			
Lovill's Creek:			
Lovill's Creek project		18,251	
Total	<u>30,000</u>	<u>18,251</u>	<u>11,749</u>
 Road Signs Project:			
Operating expenditures		5,967	
Total	<u>9,985</u>	<u>5,967</u>	<u>4,018</u>
 Economic Development:			
Operating expenditures		11,000	
Shay Street Project		77,830	
Water and sewer		15,792	
Total	<u>370,080</u>	<u>104,622</u>	<u>265,458</u>
 Cooperative Extension:			
Salaries and benefits		248,438	
Operating expenditures		81,725	
Total	<u>361,466</u>	<u>330,163</u>	<u>31,303</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 11 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Healthy Families:			
Salaries and benefits		2,153	
Operating expenditures		67	
Total	<u>3,770</u>	<u>2,220</u>	<u>1,550</u>
SHIP Grant:			
Operating expenditures		8,964	
Total	<u>10,045</u>	<u>8,964</u>	<u>1,081</u>
Agriculture Cost Share Program:			
Salaries and benefits		73,997	
Operating expenditures		2,494	
Total	<u>76,749</u>	<u>76,491</u>	<u>258</u>
Natural Resources Conservation Service:			
Salaries and benefits		112,245	
Operating expenditures		8,381	
Capital outlay		12,110	
Total	<u>154,281</u>	<u>132,736</u>	<u>21,545</u>
Cundiff Creek Stream Restoration Grant:			
Contracted services		53,513	
Total	<u>53,513</u>	<u>53,513</u>	<u>-</u>
Home (HUD) Program:			
Home rehabilitation expenditures		239,683	
Total	<u>1,198,500</u>	<u>239,683</u>	<u>958,817</u>
Dobson Farmers Market:			
Capital outlay		40,000	
Total	<u>88,000</u>	<u>40,000</u>	<u>48,000</u>
Clean Water Grant - Fisher:			
Clean water grant expenditures		571,370	
Total	<u>657,000</u>	<u>571,370</u>	<u>85,630</u>
Total economic and physical development	<u>3,013,389</u>	<u>1,583,980</u>	<u>1,429,409</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 12 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Health Department Administration:			
Salaries and benefits		65,594	
Operating expenditures		<u>86,281</u>	
Total	<u>158,167</u>	<u>151,875</u>	<u>6,292</u>
Communicable Diseases:			
Salaries and benefits		240,253	
Operating expenditures		<u>48,279</u>	
Total	<u>318,650</u>	<u>288,532</u>	<u>30,118</u>
Adult Primary Care:			
Salaries and benefits		299,130	
Operating expenditures		<u>57,817</u>	
Total	<u>370,410</u>	<u>356,947</u>	<u>13,463</u>
Yadkin Pregnancy Care Management:			
Salaries and benefits		64,388	
Operating expenditures		<u>6,997</u>	
Total	<u>115,750</u>	<u>71,385</u>	<u>44,365</u>
Yadkin Care Coord 4 Children:			
Salaries and benefits		86,387	
Operating expenditures		<u>6,047</u>	
Total	<u>135,700</u>	<u>92,434</u>	<u>43,266</u>
School Based Health Center:			
Salaries and benefits		77,827	
Operating expenditures		<u>5,355</u>	
Total	<u>86,465</u>	<u>83,182</u>	<u>3,283</u>
Community Alternative Program:			
Salaries and benefits		408,446	
Operating expenditures		<u>36,308</u>	
Total	<u>486,818</u>	<u>444,754</u>	<u>42,064</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 13 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Home Health Grant:			
Salaries and benefits		111,872	
Operating expenditures		<u>289,040</u>	
Total	<u>463,858</u>	<u>400,912</u>	<u>62,946</u>
Cancer Control Program:			
Salaries and benefits		167,171	
Operating expenditures		<u>76,467</u>	
Total	<u>275,944</u>	<u>243,638</u>	<u>32,306</u>
Pregnancy Care Management:			
Salaries and benefits		200,819	
Operating expenditures		<u>10,097</u>	
Total	<u>271,644</u>	<u>210,916</u>	<u>60,728</u>
Maternal Health Program:			
Salaries and benefits		16,510	
Operating expenditures		<u>28,965</u>	
Total	<u>50,687</u>	<u>45,475</u>	<u>5,212</u>
Child Health Program:			
Salaries and benefits		931,218	
Operating expenditures		<u>353,836</u>	
Total	<u>1,376,280</u>	<u>1,285,054</u>	<u>91,226</u>
Family Planning Program:			
Salaries and benefits		256,868	
Operating expenditures		<u>91,969</u>	
Total	<u>387,982</u>	<u>348,837</u>	<u>39,145</u>
Women, Infants, and Children:			
Salaries and benefits		679,174	
Operating expenditures		<u>34,710</u>	
Total	<u>726,475</u>	<u>713,884</u>	<u>12,591</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 14 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Immunization Action Plan:			
Salaries and benefits		154,448	
Operating expenditures		<u>148,928</u>	
Total	<u>373,246</u>	<u>303,376</u>	<u>69,870</u>
Behavioral Health:			
Salaries and benefits		6,561	
Operating expenditures		<u>116,482</u>	
Total	<u>135,000</u>	<u>123,043</u>	<u>11,957</u>
Child Services:			
Salaries and benefits		166,783	
Operating expenditures		<u>11,022</u>	
Total	<u>217,215</u>	<u>177,805</u>	<u>39,410</u>
Environmental Health:			
Salaries and benefits		647,331	
Operating expenditures		73,343	
Capital outlay		<u>54,630</u>	
Total	<u>796,147</u>	<u>775,304</u>	<u>20,843</u>
Bioterrorism Grant:			
Salaries and benefits		33,082	
Operating expenditures		<u>2,615</u>	
Total	<u>47,950</u>	<u>35,697</u>	<u>12,253</u>
Health Promotion:			
Salaries and benefits		96,730	
Operating expenditures		17,905	
Capital outlay		<u>18,711</u>	
Total	<u>153,174</u>	<u>133,346</u>	<u>19,828</u>
Dental Clinic:			
Salaries and benefits		911,828	
Operating expenditures		129,070	
Capital outlay		<u>5,100</u>	
Total	<u>1,332,150</u>	<u>1,045,998</u>	<u>286,152</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 15 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Migrant Farmworker Grant:			
Salaries and benefits		100,497	
Operating expenditures		29,076	
Total	<u>129,576</u>	<u>129,573</u>	<u>3</u>
Mental Health Authority:			
Annual appropriation		201,728	
Total	<u>201,728</u>	<u>201,728</u>	<u>-</u>
Social Services Administration:			
Salaries and benefits		458,351	
Operating expenditures		445,363	
Total	<u>998,673</u>	<u>903,714</u>	<u>94,959</u>
Social Services Programs:			
Salaries and benefits		2,020,741	
Operating expenditures		970,550	
Contracts, grants and subsidies		291,545	
Total	<u>3,465,104</u>	<u>3,282,836</u>	<u>182,268</u>
Local Assistance:			
Salaries and benefits		34	
Operating expenditures		44,737	
Contracts, grants and subsidies		736,770	
Total	<u>1,339,194</u>	<u>781,541</u>	<u>557,653</u>
Public Assistance:			
Operating expenditures		596,162	
Total	<u>809,400</u>	<u>596,162</u>	<u>213,238</u>
Child Support - Title IV-D:			
Salaries and benefits		492,185	
Operating expenditures		60,385	
Total	<u>554,911</u>	<u>552,570</u>	<u>2,341</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 16 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Assistance Administration:			
Salaries and benefits		2,548,704	
Operating expenditures		23,870	
Total	<u>2,586,132</u>	<u>2,572,574</u>	<u>13,558</u>
Veterans' Service Office:			
Salaries and benefits		167,891	
Operating expenditures		18,347	
Total	<u>187,825</u>	<u>186,238</u>	<u>1,587</u>
Surry County Community Action:			
Annual appropriation		150,824	
Total	<u>150,824</u>	<u>150,824</u>	<u>-</u>
Total human services	<u>18,703,079</u>	<u>16,690,154</u>	<u>2,012,925</u>
Cultural and Recreation:			
Library:			
Annual appropriation		479,039	
Total	<u>479,039</u>	<u>479,039</u>	<u>-</u>
Recreation:			
Salaries and benefits		252,124	
Operating expenditures		60,970	
Contracts, grants and subsidies		21,379	
Total	<u>366,669</u>	<u>334,473</u>	<u>32,196</u>
Fisher River Park:			
Salaries and benefits		139,832	
Operating expenditures		124,669	
Capital outlay		77,946	
Total	<u>384,356</u>	<u>342,447</u>	<u>41,909</u>
Canoe Access Grant:			
Operating expenditures		81,310	
Total	<u>82,000</u>	<u>81,310</u>	<u>690</u>
Total cultural and recreation	<u>1,312,064</u>	<u>1,237,269</u>	<u>74,795</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 17 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Public Schools - Current Expenditures:			
Mount Airy City Schools - per capita		1,883,840	
Elkin City Schools - per capita		1,059,080	
Surry County Schools - per capita		9,067,720	
Surry County		492,380	
Mount Airy		177,140	
Elkin		37,270	
Special request		200,000	
Community college		<u>2,953,567</u>	
Total education	<u>15,954,960</u>	<u>15,870,997</u>	<u>83,963</u>
Debt Service:			
Principal retirement		5,784,334	
Interest and fees		<u>1,313,292</u>	
Total debt service	<u>7,291,632</u>	<u>7,097,626</u>	<u>194,006</u>
 Total expenditures	 <u>79,108,527</u>	 <u>72,960,552</u>	 <u>6,147,975</u>
 Revenues over (under) expenditures	 <u>(10,672,249)</u>	 <u>912,567</u>	 <u>11,584,816</u>
Other Financing Sources (Uses):			
Transfers in (out):			
From Capital Improvement Fund	5,976,023	5,976,023	-
To Revaluation Fund	(220,242)	(220,242)	-
To Capital Improvement Fund	(5,181,904)	(5,181,904)	-
To Grants Project Fund	(125,538)	(100,538)	25,000
To County Buildings Capital Project Fund	(589,763)	(589,763)	-
To Mt. Airy/Surry County Airport Authority	(306,364)	(306,364)	-
To Elkin Area Water and Sewer Fund	(29,788)	(6,737)	23,051
To Flatrock/Bannertown W&S District Fund	<u>(45,522)</u>	<u>(45,522)</u>	<u>-</u>
Total transfers in (out)	(523,098)	(475,047)	48,051
 Sale of capital assets	 500,000	 880,222	 380,222
Appropriated fund balance	<u>10,695,347</u>	<u>-</u>	<u>(10,695,347)</u>
Total other financing sources (uses)	<u>10,672,249</u>	<u>405,175</u>	<u>(10,267,074)</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

Page 18 of 18

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other sources over expenditures and other uses	\$ <u>-</u>	1,317,742	\$ <u>1,317,742</u>
Reconciliation from Budgetary Basis to Modified Accrual:			
Long-term notes receivable:			
HUD program loans disbursed		15,000	
HUD program loan repayments		(204,312)	
Collections on other notes		<u>(321,689)</u>	
Net change in fund balance		<u>806,741</u>	
Fund balance, beginning of year		<u>34,814,189</u>	
Fund balance, end of year		<u>\$ 35,620,930</u>	

SURRY COUNTY, NORTH CAROLINA

Schedule B-3

**SCHOOLS CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Education	\$ 3,793,543	\$ 2,992,994	\$ 800,549
Other Financing Sources:			
Transfers in:			
From Capital Improvement Fund	<u>3,793,543</u>	<u>2,900,543</u>	<u>(893,000)</u>
Total other financing sources	<u>3,793,543</u>	<u>2,900,543</u>	<u>(893,000)</u>
Net change in fund balance	<u>\$ -</u>	(92,451)	<u>\$ (92,451)</u>
Fund balance, beginning of year		<u>534,359</u>	
Fund balance, end of year		<u>\$ 441,908</u>	

SURRY COUNTY, NORTH CAROLINA

Schedule B-4

REVALUATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Salaries and benefits	\$ 223,034	\$ 222,962	\$ 72
Operating expenditures	<u>82,032</u>	<u>49,759</u>	<u>32,273</u>
Total expenditures	<u>305,066</u>	<u>272,721</u>	<u>32,345</u>
 Other Financing Sources:			
Transfer in:			
From General Fund	220,242	220,242	-
Appropriated fund balance	<u>84,824</u>	<u>-</u>	<u>(84,824)</u>
Total other financing sources	<u>305,066</u>	<u>220,242</u>	<u>(84,824)</u>
 Net change in fund balance	<u>\$ -</u>	<u>(52,479)</u>	<u>\$ (52,479)</u>
 Fund balance, beginning of year		<u>73,356</u>	
 Fund balance, end of year		<u>\$ 20,877</u>	

SURRY COUNTY, NORTH CAROLINA

Schedule B-5

CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Article 40 - one-half of one percent	\$ 1,200,000	\$ 1,274,622	\$ 74,622
Article 42 - one-half of one percent	2,100,000	2,549,245	449,245
Federal subsidy interest	545,820	549,605	3,785
City of Mt. Airy	200,000	200,000	-
Lottery funds	926,878	591,750	(335,128)
Investment earnings	-	94,027	94,027
Total revenues	<u>4,972,698</u>	<u>5,259,249</u>	<u>286,551</u>
Other Financing Sources (Uses):			
Transfer in (out):			
From General Fund	5,181,895	5,181,904	9
From County Buildings Capital Projects Fund	33,131	33,130	(1)
To General Fund	(5,976,014)	(5,976,023)	(9)
To School Capital Projects Fund	(635,200)	(135,200)	500,000
To Schools Capital Outlay Fund	(3,793,543)	(2,900,543)	893,000
Appropriated fund balance	<u>217,033</u>	<u>-</u>	<u>(217,033)</u>
Total other financing sources (uses)	<u>(4,972,698)</u>	<u>(3,796,732)</u>	<u>1,175,966</u>
Net change in fund balance	<u>\$ -</u>	<u>1,462,517</u>	<u>\$ 1,462,517</u>
Fund balance, beginning of year		<u>5,609,014</u>	
Fund balance, end of year		<u>\$ 7,071,531</u>	

OTHER MAJOR GOVERNMENTAL FUNDS

Schools Capital Project Fund accounts for local funds and financing proceeds used to fund school construction projects.

County Buildings Capital Project Fund accounts for funds used for the construction of County buildings in the County.

SURRY COUNTY, NORTH CAROLINA

Schedule B-6

Page 1 of 2

SCHOOLS CAPITAL PROJECT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

			Actual	
	Project Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Dobson Elementary Renovations:				
Professional services	\$ 298,500	\$ 30,865	\$ 195,978	\$ 226,843
Project construction	8,495,167	-	384,230	384,230
Other costs	553,400	-	125,130	125,130
Total project expenditures	<u>9,347,067</u>	<u>30,865</u>	<u>705,338</u>	<u>736,203</u>
Mountain Park Elementary Renovations:				
Professional services	382,760	38,585	244,840	283,425
Project construction	8,093,161	-	567,147	567,147
Other costs	504,555	-	93,287	93,287
Total project expenditures	<u>8,980,476</u>	<u>38,585</u>	<u>905,274</u>	<u>943,859</u>
Franklin Elementary Renovations:				
Professional services	292,033	33,483	186,100	219,583
Project construction	6,405,516	-	468,414	468,414
Other costs	507,300	-	83,557	83,557
Total project expenditures	<u>7,204,849</u>	<u>33,483</u>	<u>738,071</u>	<u>771,554</u>
Mt. Airy City Schools Admin Office:				
Professional services	97,978	80,146	18,511	98,657
Project construction	1,742,262	552,089	1,245,107	1,797,196
Other costs	136,747	42,879	2,000	44,879
Total project expenditures	<u>1,976,987</u>	<u>675,114</u>	<u>1,265,618</u>	<u>1,940,732</u>
Elkin High School Gymnasium:				
Professional services	393,750	39,375	213,002	252,377
Other costs	25,900	-	18,500	18,500
Total project expenditures	<u>419,650</u>	<u>39,375</u>	<u>231,502</u>	<u>270,877</u>
Mt. Airy Middle HVAC:				
Professional services	43,667	-	37,117	37,117
Repairs and renovations	727,790	-	-	-
Other costs	38,573	-	-	-
Total project expenditures	<u>810,030</u>	<u>-</u>	<u>37,117</u>	<u>37,117</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-6

Page 2 of 2

SCHOOLS CAPITAL PROJECT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Total expenditures	28,739,059	817,422	3,882,920	4,700,342
Revenues under expenditures	(28,739,059)	(817,422)	(3,882,920)	(4,700,342)
Other Financing Sources:				
Transfers in:				
From Capital Improvement Fund	935,200	-	135,200	135,200
Proceeds from LOBs issued	24,500,000	2,792,155	22,380,000	25,172,155
Premium on LOBs	3,303,859	173,219	3,130,896	3,304,115
Total other financing sources	28,739,059	2,965,374	25,646,096	28,611,470
Net change in fund balance	\$ -	\$ 2,147,952	\$ 21,763,176	\$ 23,911,128

SURRY COUNTY, NORTH CAROLINA

Schedule B-7

COUNTY BUILDINGS CAPITAL PROJECT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 18,827	\$ 48,410	\$ 67,237
Donations	55,000	55,000	-	55,000
Total revenues	55,000	73,827	48,410	122,237
Expenditures:				
Historic Courthouse Project:				
Professional services	127,582	120,516	13,066	133,582
Project construction	1,856,321	547,167	1,302,498	1,849,665
Other costs	52,800	59,340	-	59,340
Total project expenditures	2,036,703	727,023	1,315,564	2,042,587
Dobson Plaza Project:				
Aquisition and contruction	3,565,590	1,397,426	637,232	2,034,658
Professional services	141,191	141,554	18,856	160,410
Other costs	193,256	103,400	-	103,400
Total project expenditures	3,900,037	1,642,380	656,088	2,298,468
Total expenditures	5,936,740	2,369,403	1,971,652	4,341,055
Revenues under expenditures	(5,881,740)	(2,295,576)	(1,923,242)	(4,218,818)
Other Financing Sources:				
Transfers in (out):				
From General Fund	622,893	33,129	589,763	622,892
To Capital Improvement Fund	(33,130)	-	(33,130)	(33,130)
Proceeds from LOBs issued	4,907,845	4,837,845	-	4,837,845
Premium on LOBs	384,132	294,940	-	294,940
Total other financing sources (uses)	5,881,740	5,165,914	556,633	5,722,547
Net change in fund balance	\$ -	\$ 2,870,338	\$ (1,366,609)	\$ 1,503,729

NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes.

Individual Fund Descriptions:

Fire Districts Fund accounts for the revenues of the 15 fire districts in the County.

School Districts Fund accounts for the revenues of the 2 school districts in the County.

Emergency Telephone 911 Fund accounts for the revenues of subscriber charges in the County.

Grants Project Fund accounts for the revenues received for the Community Development Block Grant.

SURRY COUNTY, NORTH CAROLINA

Schedule C-1

COMBINING BALANCE SHEET - NONMAJOR FUNDS

JUNE 30, 2019

	Special Revenue Funds				
	Fire Districts Fund	School Districts Fund	Emergency Telephone 911 Fund	Grants Project Fund	Total
Assets:					
Cash and cash equivalents	\$ 12,983	\$ 8,297	\$ 356,955	\$ -	\$ 378,235
Taxes receivable, net	69,678	33,051	-	-	102,729
Due from other governments	35,348	15,277	28,882	249,138	328,645
Total assets	<u>\$ 118,009</u>	<u>\$ 56,625</u>	<u>\$ 385,837</u>	<u>\$ 249,138</u>	<u>\$ 809,609</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 48,191	\$ 23,485	\$ 52,567	\$ 128,597	\$ 252,840
Due to other funds	-	-	-	23,963	23,963
Total liabilities	<u>48,191</u>	<u>23,485</u>	<u>52,567</u>	<u>152,560</u>	<u>276,803</u>
Deferred Inflows of Resources:					
Ad valorem receivable - deferred	69,678	33,051	-	-	102,729
Total deferred inflows of resources	<u>69,678</u>	<u>33,051</u>	<u>-</u>	<u>-</u>	<u>102,729</u>
	-				
Fund Balances:					
Restricted:					
Stabilization by State statute	35,348	15,277	28,882	249,138	328,645
Public safety	-	-	304,388	-	304,388
Unassigned (deficit)	(35,208)	(15,188)	-	(152,560)	(202,956)
Total fund balances	<u>140</u>	<u>89</u>	<u>333,270</u>	<u>96,578</u>	<u>430,077</u>
Total liabilities deferred inflows of resources, and fund balance	<u>\$ 118,009</u>	<u>\$ 56,625</u>	<u>\$ 385,837</u>	<u>\$ 249,138</u>	<u>\$ 809,609</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds				
	Fire Districts Fund	School Districts Fund	Emergency Telephone 911 Fund	Grants Project Fund	Total
Revenues:					
Ad valorem taxes	\$ 3,292,275	\$ 2,013,478	\$ -	\$ -	\$ 5,305,753
Restricted intergovernmental	-	-	795,651	1,007,870	1,803,521
Investment earnings	-	-	2,337	-	2,337
Total revenues	<u>3,292,275</u>	<u>2,013,478</u>	<u>797,988</u>	<u>1,007,870</u>	<u>7,111,611</u>
Expenditures:					
Public safety	3,292,135	-	546,335	-	3,838,470
Economic development	-	-	-	1,011,830	1,011,830
Education	-	2,013,389	-	-	2,013,389
Total expenditures	<u>3,292,135</u>	<u>2,013,389</u>	<u>546,335</u>	<u>1,011,830</u>	<u>6,863,689</u>
Revenues under expenditures	<u>140</u>	<u>89</u>	<u>251,653</u>	<u>(3,960)</u>	<u>247,922</u>
Other Financing Sources:					
Transfers in:					
From General Fund	-	-	-	100,538	100,538
Total other financing sources (use)	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,538</u>	<u>100,538</u>
Net change in fund balances	140	89	251,653	96,578	348,460
Fund balance, beginning of year	-	-	81,617	-	81,617
Fund balance, end of year	<u>\$ 140</u>	<u>\$ 89</u>	<u>\$ 333,270</u>	<u>\$ 96,578</u>	<u>\$ 430,077</u>

SURRY COUNTY, NORTH CAROLINA

Schedule C-3

**FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 3,330,308	\$ 3,239,688	\$ (90,620)
Prior years	<u>55,550</u>	<u>52,587</u>	<u>(2,963)</u>
Total revenues	<u>3,385,858</u>	<u>3,292,275</u>	<u>(93,583)</u>
Expenditures:			
Public safety	<u>3,385,858</u>	<u>3,292,135</u>	<u>93,723</u>
Net change in fund balance	<u>\$ -</u>	140	<u>\$ 140</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u><u>\$ 140</u></u>	

SCHOOL DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 2,018,016	\$ 1,995,280	\$ (22,736)
Prior years	<u>26,500</u>	<u>18,198</u>	<u>(8,302)</u>
Total revenues	<u>2,044,516</u>	<u>2,013,478</u>	<u>(31,038)</u>
Expenditures:			
Education	<u>2,044,516</u>	<u>2,013,389</u>	<u>31,127</u>
Net change in fund balance	<u>\$ -</u>	89	<u>\$ 89</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ 89</u>	

SURRY COUNTY, NORTH CAROLINA

Schedule C-5

EMERGENCY TELEPHONE 911 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted Intergovernmental:			
Wireless 911 revenues	\$ 569,607	\$ 795,651	\$ 226,044
Investment earnings	-	2,337	2,337
Total revenues	<u>569,607</u>	<u>797,988</u>	<u>228,381</u>
Expenditures:			
Public Safety:			
Phone		361,977	
Software		59,535	
Hardware		67,222	
Hosted solutions		8,262	
Training		3,422	
Functions		39,883	
Other		6,034	
Total expenditures	<u>633,757</u>	<u>546,335</u>	<u>87,422</u>
Revenues over (under) expenditures	(64,150)	251,653	315,803
Other Financing Sources:			
Appropriated fund balance	<u>64,150</u>	<u>-</u>	<u>(64,150)</u>
Net change in fund balance	<u>\$ -</u>	251,653	<u>\$ 251,653</u>
Fund balance, beginning of year		<u>81,617</u>	
Fund balance, end of year		<u>\$ 333,270</u>	

SURRY COUNTY, NORTH CAROLINA

Schedule C-6

GRANTS PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted Intergovernmental:				
Golden Leaf Foundation grant	\$ 200,000	\$ 172,282	\$ 15,500	\$ 187,782
ARC grant (Weyerhaeuser)	300,000	162,926	137,074	300,000
NC Dept of Comm grant (Weyerhaeuser)	524,680	212,086	355,296	567,382
ARC grant (Eagle/Altec)	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total revenues	<u>1,524,680</u>	<u>547,294</u>	<u>1,007,870</u>	<u>1,555,164</u>
Expenditures:				
Weyerhaeuser Sewer Extension:				
Professional services	56,000	17,614	26,599	44,213
Engineering fees	50,000	79,761	2,502	82,263
Project construction	983,851	530,353	457,729	988,082
Contingency	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total project expenditures	<u>1,155,851</u>	<u>627,728</u>	<u>486,830</u>	<u>1,114,558</u>
Eagle/Altec Project:				
Project construction	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>
Total project expenditures	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>
Total expenditures	<u>1,680,851</u>	<u>627,728</u>	<u>1,011,830</u>	<u>1,639,558</u>
Revenues under expenditures	<u>(156,171)</u>	<u>(80,434)</u>	<u>(3,960)</u>	<u>(84,394)</u>
Other Financing Sources:				
Transfers in:				
From General Fund	<u>156,171</u>	<u>80,434</u>	<u>100,538</u>	<u>180,972</u>
Total other financing sources	<u>156,171</u>	<u>80,434</u>	<u>100,538</u>	<u>180,972</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,578</u>	<u>\$ 96,578</u>

ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Individual Fund Descriptions:

Landfill Fund accounts for the operations of the County's solid waste activities.

Flatrock/Bannertown Water and Sewer District accounts for water and sewer activities in Flatrock and the surrounding area.

Interstates Water and Sewer District accounts for water and sewer activities.

Mt. Airy/Surry County Airport Fund accounts for operations of the Mt. Airy/Surry County Airport Authority.

Airport Capital Project Fund is consolidated with the Mt. Airy/Surry County Airport Fund (the operating fund) for financial reporting purposes.

Elkin Area Water and Sewer Fund accounts for water and sewer activities in the Gentry Road area of Elkin.

SURRY COUNTY, NORTH CAROLINA

Schedule D-1

Page 1 of 2

LANDFILL FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste charges	\$ 1,000,000	\$ 1,306,035	\$ 306,035
Recycling	130,000	161,753	31,753
Landfill fees	1,550,844	1,603,833	52,989
White goods and scrap tire	110,000	123,657	13,657
Other operating revenues	56,600	74,298	17,698
Total operating revenues	<u>2,847,444</u>	<u>3,269,576</u>	<u>422,132</u>
Non-operating revenues:			
Interest on investments	-	67,015	67,015
Total revenues	<u>2,847,444</u>	<u>3,336,591</u>	<u>489,147</u>
Expenditures:			
Landfill recycling	959,386	799,110	160,276
Landfill sanitation	1,711,964	1,485,862	226,102
Landfill closure and post-closure care costs	70,000	48,333	21,667
Capital outlay	245,000	728,447	(483,447)
Debt Service:			
Principal retirement	228,880	104,428	124,452
Interest and fees	67,844	126,320	(58,476)
Total expenditures	<u>3,283,074</u>	<u>3,292,500</u>	<u>(9,426)</u>
Revenues over (under) expenditures	(435,630)	44,091	498,573
Other Financing Sources:			
Transfers in (out):			
Proceeds from capital lease	-	721,770	721,770
Proceeds from installment purchase	-	6,690,000	6,690,000
Appropriated fund balance	435,630	-	(435,630)
Total other financing sources	<u>435,630</u>	<u>7,411,770</u>	<u>6,976,140</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 7,455,861</u>	<u>\$ 7,474,713</u>

SURRY COUNTY, NORTH CAROLINA

Schedule D-1

Page 2 of 2

LANDFILL FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual Basis:			
Revenues and other financing sources			
over expenditures		\$ 7,455,861	
Reconciling items:			
Capital outlay		728,447	
Depreciation		(778,665)	
Book value of disposed asset		-	
Proceeds from capital lease		(721,770)	
Proceeds from installment purchase		(6,690,000)	
Principal retirement		104,428	
Change in compensated absences		4,543	
Contributions to pension plan in current year		36,339	
OPEB benefits and admin costs paid in current year		10,570	
Pension expense		(44,254)	
OPEB expense		(13,455)	
Change in accrued landfill			
closure and post-closure care costs		(241,251)	
Total reconciling items		(7,605,068)	
Change in net position		\$ (149,207)	

LANDFILL CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Expenditures:				
Landfill Cell Phase IV:				
Professional services	\$ 550,000	\$ -	\$ 5,537	\$ 5,537
Project construction	4,967,500	-	1,344,054	1,344,054
Administration costs	80,715	-	79,553	79,553
Contingency	28,174	-	-	-
Total	<u>5,626,389</u>	<u>-</u>	<u>1,429,144</u>	<u>1,429,144</u>
Landfill Scale House:				
Professional services	96,253	-	3,400	3,400
Project construction	879,000	-	403,303	403,303
Equipment	88,358	-	76,750	76,750
Total	<u>1,063,611</u>	<u>-</u>	<u>483,453</u>	<u>483,453</u>
 Total expenditures	 <u>6,690,000</u>	 <u>-</u>	 <u>1,912,597</u>	 <u>1,912,597</u>
Other Financing Sources:				
Installment purchase obligations issued	<u>6,690,000</u>	<u>-</u>	<u>6,690,000</u>	<u>6,690,000</u>
Total other financing sources	<u>6,690,000</u>	<u>-</u>	<u>6,690,000</u>	<u>6,690,000</u>
 Revenues and other financing sources over expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,777,403</u>	 <u>\$ 4,777,403</u>

SURRY COUNTY, NORTH CAROLINA

Schedule D-3

FLATROCK/BANNERTOWN WATER AND SEWER DISTRICT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water service, net	\$ 196,007	\$ 207,785	\$ 11,778
Sewer service, net	17,174	19,639	2,465
Total operating revenues	213,181	227,424	14,243
Non-operating revenues:			
Interest on investments	-	7,857	7,857
Total revenues	213,181	235,281	22,100
Expenditures:			
Operating expenses	116,375	115,636	739
Professional services	6,000	4,000	2,000
Debt service:			
Principal retirement	41,000	41,000	-
Interest and other charges	95,328	95,330	(2)
Total expenditures	258,703	255,966	2,737
Revenues under expenditures	(45,522)	(20,685)	24,837
Other Financing Sources:			
Transfers in:			
From General Fund	45,522	45,522	-
Revenues and other financing sources under expenditures	\$ -	24,837	\$ 24,837
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Depreciation		(164,317)	
Principal payments		41,000	
Change in accrued interest		141	
Total reconciling items		(123,176)	
Change in net position		\$ (98,339)	

SURRY COUNTY, NORTH CAROLINA**Schedule D-4**

INTERSTATES WATER AND SEWER DISTRICT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local contribution	\$ -	\$ 17,465	\$ 17,465
Total revenues	<u>-</u>	<u>17,465</u>	<u>17,465</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Depreciation		<u>(144,771)</u>	
Total reconciling items		<u>(144,771)</u>	
Change in net position		<u>\$ (127,306)</u>	

MT. AIRY/SURRY COUNTY AIRPORT FUND - MAJOR FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Rental income - other	\$ 134,136	\$ 117,865	\$ (16,271)
Fuel income	21,800	29,867	8,067
Other miscellaneous revenue	6,060	6,060	-
Total revenues	<u>161,996</u>	<u>153,792</u>	<u>(8,204)</u>
Expenditures:			
Salaries and benefits	34,900	38,837	(3,937)
Repairs and maintenance	79,560	31,096	48,464
Utilities	15,000	12,192	2,808
Insurance	22,500	25,289	(2,789)
Miscellaneous	31,400	10,227	21,173
Professional services	275,400	306,924	(31,524)
Capital outlay	25,000	25,164	(164)
Total expenditures	<u>483,760</u>	<u>449,729</u>	<u>34,031</u>
Revenues under expenditures	<u>(321,764)</u>	<u>(295,937)</u>	<u>25,827</u>
Other Financing Sources:			
Transfers in:			
From General Fund	306,364	306,364	-
Gain on disposal of capital asset	15,400	15,400	-
Total other financing sources	<u>321,764</u>	<u>321,764</u>	<u>-</u>
Revenues and other sources under expenditures	<u>\$ -</u>	25,827	<u>\$ 25,827</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Capital outlay - items capitalized		25,164	
Book value of assets sold		(3,150)	
From Airport Capital Project Fund:			
Capital contributions		1,133,653	
Depreciation		<u>(222,508)</u>	
Change in net position		<u>\$ 958,986</u>	

AIRPORT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	<u>Total Project Budget</u>	<u>Prior Years</u>	<u>Current Actual</u>	<u>Total</u>
Revenues:				
NCDOT aviation grant	\$ 6,159,597	\$ 3,154,280	\$ 1,133,653	\$ 4,287,933
Total revenues	<u>6,159,597</u>	<u>3,154,280</u>	<u>1,133,653</u>	<u>4,287,933</u>
Expenditures:				
Runway expansion	2,409,855	25,294	821,499	846,793
Runway and taxiway extension	5,054,995	4,384,250	295,523	4,679,773
Corporate area development	480,000	14,600	580,929	595,529
Airport layout plan	174,650	-	100,199	100,199
Total expenditures	<u>8,119,500</u>	<u>4,424,144</u>	<u>1,798,150</u>	<u>6,222,294</u>
Revenue under expenditures	<u>(1,959,903)</u>	<u>(1,269,864)</u>	<u>(664,497)</u>	<u>(1,934,361)</u>
Other Financing Sources:				
Transfers in:				
From General Fund	1,959,903	1,062,922	-	1,062,922
Total other financing sources	<u>1,959,903</u>	<u>1,062,922</u>	<u>-</u>	<u>1,062,922</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>\$ (206,942)</u>	<u>\$ (664,497)</u>	<u>\$ (871,439)</u>

SURRY COUNTY, NORTH CAROLINA

Schedule D-7

**ELKIN AREA WATER AND SEWER DISTRICT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water service	\$ 113,245	\$ 126,725	\$ 13,480
Total revenues	<u>113,245</u>	<u>126,725</u>	<u>13,480</u>
Expenditures:			
Salaries and benefits	14,533	14,364	169
Operating expenses	127,500	118,993	8,507
Professional services	<u>1,000</u>	<u>105</u>	<u>895</u>
Total expenditures	<u>143,033</u>	<u>133,462</u>	<u>9,571</u>
Revenues under expenditures	(29,788)	(6,737)	23,051
Other Financing Sources:			
Transfers in:			
From General Fund	<u>29,788</u>	<u>6,737</u>	<u>(23,051)</u>
Total other financing sources	<u>29,788</u>	<u>6,737</u>	<u>(23,051)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Depreciation		<u>(20,270)</u>	
Total reconciling items		<u>(20,270)</u>	
Change in net position		<u>\$ (20,270)</u>	

AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

Individual Fund Descriptions:

Agency Funds

Social Services Trust Fund accounts for monies deposited with the Social Services Department for the benefit of certain individuals in the County.

Jail Trust Fund accounts for monies held for inmates.

Municipal Tax Fund accounts for the proceeds of the motor vehicle taxes that are collected by the County on behalf of the municipalities within the County.

State Solid Waste Disposal Tax Fund accounts for the \$2.00 per ton tax imposed for landfill dumping.

Surry County Schools Fund accounts for the collection and payment of fines and forfeitures to three Boards of Education in the County.

Miscellaneous Agency Funds accounts for the following: the CBA Money and Elderly or Handicap Transportation Assistance Fund, the Floodplain Mapping Fund, the Department of Crime Control and Public Safety Fund, the Mental Health-ABC Fund, the Surry Tourism Partnership-Yadkin Valley Golf Program Fund, the P.A.R.T Transportation Taxes Fund, the Dobson Zoning Fund, the State Treasurer General Fund, the Department of Cultural Resources Fund, the Excise Tax of Deeds Fund, the Domestic Violence Center Fund, the Children's Trust Fund, the Contractor Permits Inspections Fund, the State Fees Concealed Handgun Permits Fee Fund, the Cell Tower Lease Town of Pilot Mountain Fund, and the Fine & Forfeitures Fund.

SURRY COUNTY, NORTH CAROLINA

Schedule E-1

Page 1 of 2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
Social Services:				
Assets:				
Cash and investments	\$ 67,853	\$ 547,737	\$ 560,127	\$ 55,463
Liabilities:				
Accounts payable	\$ 67,853	\$ 547,737	\$ 560,127	\$ 55,463
Jail:				
Assets:				
Cash and investments	\$ 17,138	\$ 548,599	\$ 552,336	\$ 13,401
Liabilities:				
Accounts payable	\$ 17,138	\$ 548,599	\$ 552,336	\$ 13,401
Municipal Tax:				
Assets:				
Cash and investments	\$ 3,701	\$ 2,736,128	\$ 2,734,786	\$ 5,043
Liabilities:				
Intergovernmental payable	\$ 3,701	\$ 2,736,128	\$ 2,734,786	\$ 5,043
State Solid Waste Disposal Tax:				
Assets:				
Cash and investments	\$ 29,784	\$ 118,754	\$ 115,065	\$ 33,473
Liabilities:				
Intergovernmental payable	\$ 29,784	\$ 118,754	\$ 115,065	\$ 33,473

SURRY COUNTY, NORTH CAROLINA

Schedule E-1

Page 2 of 2

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
School Systems:				
Assets:				
Elkin City Schools	\$ -	\$ 26,736	\$ 26,736	\$ -
Mount Airy City Schools	-	47,340	47,340	-
Surry County Schools	-	227,335	227,335	-
Total assets	<u>\$ -</u>	<u>\$ 301,411</u>	<u>\$ 301,411</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 301,411</u>	<u>\$ 301,411</u>	<u>\$ -</u>
Miscellaneous Agency Funds:				
Assets:				
Cash and investments	\$ 48,457	\$ 1,190,820	\$ 1,177,270	\$ 62,007
Accounts receivable	<u>10,204</u>	<u>8,572</u>	<u>10,204</u>	<u>8,572</u>
Total assets	<u>\$ 58,661</u>	<u>\$ 1,199,392</u>	<u>\$ 1,187,474</u>	<u>\$ 70,579</u>
Liabilities:				
Accounts payable	<u>\$ 58,661</u>	<u>\$ 1,199,392</u>	<u>\$ 1,187,474</u>	<u>\$ 70,579</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 166,933	\$ 5,443,449	\$ 5,440,995	\$ 169,387
Accounts receivable	<u>10,204</u>	<u>8,572</u>	<u>10,204</u>	<u>8,572</u>
Total assets	<u>\$ 177,137</u>	<u>\$ 5,452,021</u>	<u>\$ 5,451,199</u>	<u>\$ 177,959</u>
Liabilities:				
Accounts payable	\$ 143,652	\$ 2,597,139	\$ 2,601,348	\$ 139,443
Intergovernmental payable	<u>33,485</u>	<u>2,854,882</u>	<u>2,849,851</u>	<u>38,516</u>
Total liabilities	<u>\$ 177,137</u>	<u>\$ 5,452,021</u>	<u>\$ 5,451,199</u>	<u>\$ 177,959</u>

SUPPLEMENTAL FINANCIAL DATA

This section contains additional information on taxes receivable and the tax levy as of and for the year ended June 30, 2019.

SURRY COUNTY, NORTH CAROLINA

Schedule F-1

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2019

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 35,816,495	\$ 35,436,792	\$ 379,703
2017-2018	392,835	-	162,645	230,190
2016-2017	214,610	-	58,911	155,699
2015-2016	176,154	-	41,574	134,580
2014-2015	144,355	-	31,364	112,991
2013-2014	127,257	-	20,367	106,890
2012-2013	114,421	-	16,136	98,285
2011-2012	103,231	-	14,189	89,042
2010-2011	81,539	-	10,712	70,827
2009-2010	84,296	-	10,416	73,880
PRIOR	70,595	-	9,381	61,214
Total	<u>\$ 1,509,293</u>	<u>\$ 35,816,495</u>	<u>\$ 35,812,487</u>	1,513,301
Less: Allowance for uncollectible accounts - General Fund				<u>(763,144)</u>
Ad valorem taxes receivable, net				<u>\$ 750,157</u>
Reconciliation with Revenues:				
Taxes - ad valorem				<u>\$ 35,783,766</u>
Reconciling items:				
Interest and commission collected				(228,339)
Taxes written off				49,472
Refunds				(140,678)
Discounts allowed				377,820
Fines and forfeitures to schools				42,134
Miscellaneous				<u>(71,688)</u>
Total reconciling items				<u>28,721</u>
Total collections and credits				<u>\$ 35,812,487</u>

SURRY COUNTY, NORTH CAROLINA

Schedule F-2

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
County wide					
Property taxed at					
current year's rates	\$ 5,248,349,779	0.582	\$ 30,545,408	\$ 30,545,408	\$ -
Motor vehicles taxed at					
current year's rates	639,969,588	0.582	3,724,623	-	3,724,623
Penalties	-		34,513	34,513	-
Total	<u>5,888,319,367</u>		<u>34,304,544</u>	<u>30,579,921</u>	<u>3,724,623</u>
Discoveries:					
Current year taxes	251,956,679		1,466,388	1,466,388	-
Prior year taxes	-		75,525	75,525	-
Penalties	-		11,739	11,739	-
Total	<u>251,956,679</u>		<u>1,553,652</u>	<u>1,553,652</u>	<u>-</u>
Abatements	<u>(681,379)</u>		<u>(41,701)</u>	<u>(41,701)</u>	<u>-</u>
Total property valuation	<u>\$ 6,139,594,667</u>				
Net Levy			35,816,495	32,091,872	3,724,623
Uncollected taxes at June 30, 2019			<u>379,703</u>	<u>379,703</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 35,436,792</u>	<u>\$ 31,712,169</u>	<u>\$ 3,724,623</u>
Current Levy Collection Percentage			<u>98.94%</u>	<u>98.82%</u>	<u>100.00%</u>

ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2019

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio ⁽¹⁾	100%
Real property	\$ 4,290,250,480
Personal property	1,625,974,311
Public service companies ⁽²⁾	<u>223,369,911</u>
Total assessed valuation	<u>\$ 6,139,594,702</u>
Tax rate per \$100	<u>0.582</u>
Levy (includes discoveries, releases, and abatements) ⁽³⁾	<u>\$ 35,816,495</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30, 2019:

School districts	\$ 1,838,727
Fire protection districts	<u>2,896,150</u>
Total	<u>\$ 4,734,877</u>

⁽¹⁾ Percentage of appraised value has been established by statute.

⁽²⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission

⁽³⁾ The levy includes penalties, but not interest

STATISTICAL SECTION

The following required statistical tables are not applicable to Surry County and are not included in this section: Special Assessment, Billings and Collections – Last Ten Fiscal Years, and Revenue Bond Coverage – Last Ten Years.

STATISTICAL SECTION

This part of the County of Surry's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

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

- ♦ Table 1 Net Position by Component
- ♦ Table 2 Changes in Net Position
- ♦ Table 3 Fund Balances of Governmental Funds
- ♦ Table 4 Changes in Fund Balances of Governmental Funds
- ♦ Table 5 Governmental Revenues by Source
- ♦ Table 6 Governmental Expenditures by Function
- ♦ Table 7 Governmental Activities Tax Revenue by Source

Revenue Capacity

These schedules contain information to help the reader assess Surry County's most significant local revenue source, the property tax.

- ♦ Table 8 Property Tax Levies and Collections
- ♦ Table 9 Property Tax Rates-County and Municipalities
- ♦ Table 10 Property Tax Rates-Fire Districts
- ♦ Table 11 Assessed Value and Estimated Actual Value of Taxable Property
- ♦ Table 12 Principal Property Taxpayers

Debt Capacity

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

- ♦ Table 13 Ratios of Outstanding Debt by Type
- ♦ Table 14 Ratios of General Bonded Debt Outstanding
- ♦ Table 15 Legal Debt Margin Information
- ♦ Table 16 Direct and Overlapping Governmental Activities Debt

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Surry County's financial activities take place.

- ♦ Table 17 Principal Employers
- ♦ Table 18 Demographic & Economic Statistics

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in Surry County's financial report relates to the services the County provides and the activities performed.

- ♦ Table 19 Full-time Equivalent County Government Employees by Function
- ♦ Table 20 Operating Indicators by Function
- ♦ Table 21 Capital Asset Statistics

COUNTY OF SURRY

Table 1

continued

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net investment in capital assets	\$44,052,428	\$45,132,203	\$42,472,931	\$45,246,112
Restricted	3,495,627	12,721,360	11,148,800	13,317,427
Unrestricted	11,398,775	(1,236,421)	3,942,069	7,613,735
Total government activities net position	<u>\$58,946,830</u>	<u>\$56,617,142</u>	<u>\$57,563,800</u>	<u>\$66,177,274</u>
Business-type activities				
Net investment in capital assets	\$11,456,558	\$12,843,191	\$13,072,772	\$13,635,352
Restricted				
Unrestricted	(556,517)	(620,276)	(983,413)	(977,020)
Total business-type activities net position	<u>\$10,900,041</u>	<u>\$12,222,915</u>	<u>\$12,089,359</u>	<u>\$12,658,332</u>
Primary government				
Net investment in capital assets	\$55,508,986	\$57,975,394	\$55,545,703	\$58,881,464
Restricted	3,495,627	12,721,360	11,148,800	13,317,427
Unrestricted	10,842,258	(1,856,697)	2,958,656	6,636,715
Total primary government net position	<u>\$69,846,871</u>	<u>\$68,840,057</u>	<u>\$69,653,159</u>	<u>\$78,835,606</u>

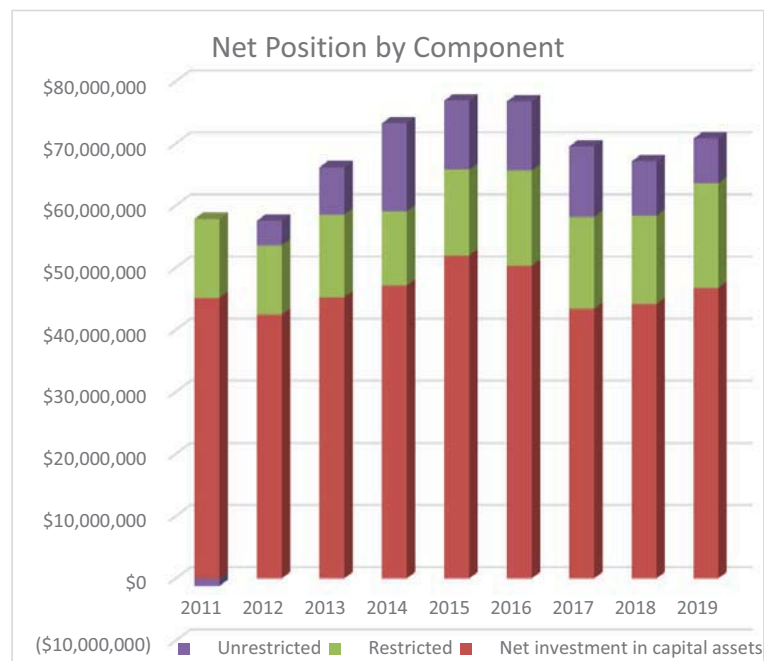


Table 1

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$47,124,689	\$51,982,318	\$50,326,347	\$43,396,949	\$44,160,354	\$46,775,075
11,947,640	13,823,393	15,349,991	14,787,075	14,212,002	16,835,965
14,186,098	11,119,370	11,101,272	11,351,233	8,762,206	7,194,178
<u>\$73,258,427</u>	<u>\$76,925,081</u>	<u>\$76,777,610</u>	<u>\$69,535,257</u>	<u>\$67,134,562</u>	<u>\$70,805,218</u>
\$12,203,769	\$12,170,260	\$11,979,437	\$15,066,312	\$34,113,559	\$35,582,192
(1,633,219)	(2,297,415)	(1,237,053)	(2,226,965)	(1,402,893)	(2,307,662)
<u>\$10,570,550</u>	<u>\$9,872,845</u>	<u>\$10,742,384</u>	<u>\$12,839,347</u>	<u>\$32,710,666</u>	<u>\$33,274,530</u>
\$59,328,458	\$64,152,578	\$62,305,784	\$58,463,261	\$78,273,913	\$82,357,267
11,947,640	13,823,393	15,349,991	14,787,075	14,212,002	16,835,965
12,552,879	8,821,955	9,864,219	9,124,268	7,359,313	4,886,516
<u>\$83,828,977</u>	<u>\$86,797,926</u>	<u>\$87,519,994</u>	<u>\$82,374,604</u>	<u>\$99,845,228</u>	<u>\$104,079,748</u>

COUNTY OF SURRY

Table 2

continued

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses:				
Governmental activities:				
General government	\$16,525,913	\$10,114,099	\$10,964,428	\$9,024,289
Public Safety	12,567,506	17,226,325	17,735,735	18,059,204
Economic and Physical Development	3,259,222	2,852,183	2,756,635	2,478,965
Human Services	21,579,611	22,355,787	21,736,284	18,844,398
Culture and Recreation	470,276	1,025,566	992,421	1,008,006
Education	26,735,579	23,075,046	21,248,856	18,520,559
Interest and fees	1,352,296	2,143,399	2,322,521	2,189,455
Total governmental activities expenses	<u>82,490,403</u>	<u>78,792,405</u>	<u>77,756,880</u>	<u>70,124,876</u>
Business-Type activities:				
Landfill	2,614,189	2,500,445	2,724,372	2,551,128
Water & Sewer	421,190	707,804	666,127	687,839
Airport				
Interest and Fees				
Total business-type activities expenses	<u>3,035,379</u>	<u>3,208,249</u>	<u>3,390,499</u>	<u>3,238,967</u>
Total primary government expenses	<u>85,525,782</u>	<u>82,000,654</u>	<u>81,147,379</u>	<u>73,363,843</u>
Program Revenues				
Governmental activities:				
Charges for services	15,383,919	12,256,227	11,712,491	12,961,001
Operating grants and contributions	13,568,895	13,897,580	15,530,751	14,075,045
Capital grants and contributions	4,023,446	1,297,334	132,583	421,307
Total governmental activities program revenues	<u>32,976,260</u>	<u>27,451,141</u>	<u>27,375,825</u>	<u>27,457,353</u>
Business-type activities:				
Charges for services	3,000,041	2,474,613	2,511,929	2,747,186
Operating grants and contributions	414,517	620,084	243,410	125,635
Capital grants and contributions	-	-	-	-
Other	361	167	63	41
Total business-type activities program revenues	<u>3,414,919</u>	<u>3,094,864</u>	<u>2,755,402</u>	<u>2,872,862</u>
Total primary government program revenues	<u>36,391,179</u>	<u>30,546,005</u>	<u>30,131,227</u>	<u>30,330,215</u>
General Revenues:				
Property taxes	34,833,183	34,759,655	34,883,475	35,310,493
Local option sales taxes	14,612,792	13,960,156	15,123,965	15,177,406
Grants and contributions not restricted to specific programs	397,689	1,354,204	1,459,490	1,373,206
Other	548,224	373,819	362,324	354,970
Total general revenues and other changes in net position	<u>50,391,888</u>	<u>50,447,834</u>	<u>51,829,254</u>	<u>52,216,075</u>
Net (expense)/revenue				
Governmental activities	877,745	(893,430)	1,448,199	9,548,552
Business-type activities	379,540	(113,385)	(635,097)	(366,105)
Special Item				
Total primary government net expense	<u>1,257,285</u>	<u>(1,006,815)</u>	<u>813,102</u>	<u>9,182,447</u>
Change in net position				
Net Position, July 1 Governmental activities	59,442,102	58,946,833	56,617,142	57,563,800
Restatement	-	-	-	-
Net Position, July 1 Governmental activities, as restated	<u>59,442,102</u>	<u>58,946,833</u>	<u>56,617,142</u>	<u>57,563,800</u>
Net Position, July 1 Business-type activities	9,147,484	10,900,039	12,222,915	12,089,359
Restatement	-	-	-	-
Net Position, July 1 Business-type activities, as restated	<u>9,147,484</u>	<u>10,900,039</u>	<u>12,222,915</u>	<u>12,089,359</u>
Total primary government, June 30	<u>\$69,846,871</u>	<u>\$68,840,057</u>	<u>\$69,653,159</u>	<u>\$78,835,606</u>

Table 2

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$10,074,784	\$10,702,315	\$15,412,997	\$15,540,030	\$9,923,986	\$11,280,638
18,351,680	18,595,187	19,626,186	21,749,323	22,331,720	25,013,591
3,934,191	2,379,604	2,430,033	2,509,452	1,980,683	2,533,418
18,175,721	18,027,776	18,420,413	18,969,538	16,042,813	17,022,927
1,105,460	1,082,048	1,137,288	1,163,988	1,247,066	1,340,292
19,712,249	20,395,576	20,864,172	20,215,726	21,193,194	21,623,543
1,847,227	1,599,196	1,378,262	1,380,082	1,128,393	1,334,003
73,201,312	72,781,702	79,269,351	81,528,139	73,847,855	80,148,413
2,859,486	3,130,047	2,759,263	2,980,379	3,324,826	3,485,798
2,194,134	691,081	625,914	2,958,148	503,644	456,136
				566,362	647,073
				117,488	221,509
5,053,620	3,821,128	3,385,177	5,938,527	4,394,832	4,810,516
78,254,932	76,602,830	82,654,528	87,466,666	78,242,687	84,958,929
11,099,385	10,310,321	10,446,407	8,644,690	9,549,655	10,816,943
15,490,858	15,374,625	13,350,099	14,220,206	10,458,802	10,515,883
358,557	11,216	-	12,500	1,293,755	1,599,620
26,948,800	25,696,162	23,796,506	22,877,396	21,302,212	22,932,446
2,521,064	2,634,591	3,378,860	3,116,377	3,470,881	3,653,860
141,983	205,069	136,049	315,103	176,429	141,122
-	-	659,324	40,676	4,068,209	1,133,653
5	16	202	782	3,121	87,122
2,663,052	2,839,676	4,174,435	3,472,938	7,718,640	5,015,757
29,611,852	28,535,838	27,970,941	26,350,334	29,020,852	27,948,203
34,272,605	35,812,627	36,601,697	37,659,151	38,460,082	41,197,300
17,614,284	16,335,879	17,233,158	17,752,631	18,066,003	19,165,264
1,331,086	1,322,961	1,259,792	1,365,449	1,359,794	1,301,035
418,476	396,613	311,008	345,671	1,035,115	1,599,814
53,636,451	53,868,080	55,405,655	57,122,902	58,920,994	63,263,413
7,383,939	6,782,540	(67,190)	(1,527,841)	6,375,351	6,047,446
(2,390,568)	(981,452)	789,258	(2,465,589)	3,323,808	205,241
				(3,454,333)	(2,018,167)
4,993,371	5,801,088	722,068	(3,993,430)	6,244,826	4,234,520
66,177,274	73,258,427	76,925,081	76,777,610	69,535,257	67,134,562
-	(2,772,508)	-	(6,151,960)	(4,894,355)	-
66,177,274	70,485,919	76,925,081	70,625,650	64,640,902	67,134,562
12,658,332	10,570,550	9,872,845	10,742,384	12,839,347	32,710,666
-	(59,631)	-	5,000,000	16,120,153	-
12,658,332	10,510,919	9,872,845	15,742,384	28,959,500	32,710,666
\$83,828,977	\$86,797,926	\$87,519,994	\$82,374,604	\$99,845,228	\$104,079,748

COUNTY OF SURRY, NORTH CAROLINA

Table 3

Continued

Fund Balances of Government Funds (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	<u>2010</u>	<u>**2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:					
Fund Balance Reserved:					
By State Statute	\$6,645,295				
Register of Deeds Reserve	91,721				
Debt Service	3,357,907				
Health Department Reserve	45,999				
Notes Receivable	340,020				
Total General Fund Reserved	10,480,942				
Unreserved General Fund:	6,199,371				
Available for Appropriation:					
Designated for Health Emergencies	86,224				
Designated for Employee Benefits/Insurance	3,263,947				
Designated for Worker's Compensation	732,117				
Non-spendable		381,216	270,594	235,210	216,660
Restricted		10,709,126	10,318,543	11,925,372	10,737,689
Committed		203,728	178,529	176,524	7,805,766
Assigned		4,981,813	5,515,932	6,043,634	8,279,201
Unassigned		2,965,023	3,858,863	7,444,950	2,176,251
Total General Fund	20,762,601	19,240,906	20,142,461	25,825,690	29,215,567
Other Governmental Funds					
Fund Balance Restricted:					
By State Statute	49,127				
Unreserved Other Governmental Funds:					
Special Revenue Funds	2,129,193				
Capital Project Funds	32,725				
Schools Capital Project	8,661,406				
Available for Appropriation:					
Non-spendable					
Restricted		6,107,281	2,064,419	1,392,055	1,209,951
Committed		1,233,424			
Assigned					
Unassigned		(1,456,434)	(13,868)	(1,410)	(35,523)
Total Other Governmental Funds	10,872,451	5,884,271	2,050,551	1,390,645	1,174,428
Total Governmental Fund Equity	\$31,635,052	\$25,125,177	\$22,193,012	\$27,216,335	\$30,389,995

Note: The change in the classifications of fund balance amounts in 2012 along with substantial changes in fund balance are discussed in the Management's Discussion and Analysis

**Prior year amounts have not been restated for the implementation of Statement 54.

(1) Source: Audited annual financial reports of this entity.

Table 3

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1,752,376	1,481,924	1,170,196	3,155,617	2,658,282
12,824,504	14,354,382	14,106,819	13,567,702	13,439,044
7,803,090	5,767,026	4,678,083	5,682,370	7,092,408
7,249,695	3,197,805	8,393,271	5,952,275	7,464,321
2,839,819	9,337,758	8,825,035	12,672,954	12,501,191
32,469,484	34,138,895	37,173,404	41,030,918	43,155,246
998,889	995,609	507,940	4,667,650	24,912,326
			0	0
203,896	287,361	287,361	973,457	1,135,564
(50,481)	(48,757)	(306,592)	(541,200)	(202,956)
1,152,304	1,234,213	488,709	5,099,907	25,844,934
\$33,621,788	\$35,373,108	\$37,662,113	\$46,130,825	\$69,000,180

COUNTY OF SURRY

Table 4

Continued

Changes in Fund Balances of Governmental Funds (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
Revenues					
Ad Valorem Taxes	\$34,833,183	\$34,759,655	\$34,883,475	\$35,310,493	\$34,272,605
Other Taxes-Local Option Sales Tax	14,612,792	13,960,156	15,123,965	15,177,406	17,614,284
Unrestricted Intergovernmental	397,689	1,354,204	1,459,490	1,373,206	1,331,086
Restricted Intergovernmental (2)	16,631,168	14,334,929	13,598,018	13,690,650	14,527,650
Licenses and Permits	677,658	617,052	644,773	829,352	807,246
Sales, Services and Rents	12,091,350	11,284,352	11,067,718	12,131,649	8,457,527
Local Contribution		613,345	0	0	0
Investment Earnings	548,224	373,819	362,324	354,970	418,476
Miscellaneous Revenues	961,173	601,463	2,065,316	805,702	1,321,765
Total revenues	\$80,753,237	\$77,898,975	\$79,205,079	\$79,673,428	\$78,750,639
Expenditures					
General Government	\$8,971,055	\$8,998,008	\$10,071,587	\$8,259,259	\$8,762,802
Public Safety	16,661,009	16,695,783	17,135,602	17,982,699	18,714,042
Human Services	21,145,732	22,213,116	21,286,982	18,466,330	17,817,706
Economic and Physical Development	3,937,963	10,568,921	3,678,853	2,481,556	1,850,049
Culture and Recreation	935,014	950,319	890,715	918,147	971,136
Education	19,755,082	13,162,055	19,193,953	15,820,167	17,158,170
Debt Service					
Principal	5,258,317	5,034,084	5,682,631	6,663,087	5,564,360
Interest and fees	1,615,787	2,143,399	2,322,521	2,105,312	1,854,916
Construction in progress					
Capital Outlay	24,743,213	13,235,262	1,773,344	1,967,409	3,636,133
Total expenditures	\$103,023,172	\$93,000,947	\$82,036,188	\$74,663,966	\$76,329,314
Excess of revenues					
Over (Under) expenditures	(\$22,269,935)	(\$15,101,972)	(\$2,831,109)	\$5,009,462	\$2,421,325
Other financing sources (uses)					
Transfers-In	\$5,460,209	\$2,693,022	\$2,239,990	\$36,046	\$0
Transfers-(Out)	(6,833,226)	(2,895,480)	(2,341,042)	(160,336)	(302,786)
Bond Premiums	263,491	-	-	-	-
Proceeds of LOB Issued	0	-	-	-	-
Proceeds of Installment Purchases	20,865,902	8,794,555	-	-	-
Proceeds of Refunding Bonds	8,145,000				
Payments to Refunded Bond Escrow Agent	(7,990,000)				
Sale of Capital Assets					1,055,121
Capital Lease Obligations Issued					
Proceeds of Capital Lease				138,151	-
Prior Period Adjustment					
Total Other Financing sources (uses)	\$19,911,376	\$8,592,097	(\$101,052)	\$13,861	\$752,335
Net change in fund balances	(\$2,358,559)	(\$6,509,875)	(\$2,932,161)	\$5,023,323	\$3,173,660
Fund Balance:					
Beginning of Year, July 1	\$33,993,611	\$31,635,052	\$25,125,173	\$22,193,012	\$27,216,335
Restatement	-	-	-	-	-
Beginning of Year, July 1, as restated	33,993,611	31,635,052	25,125,173	22,193,012	27,216,335
End of Year, June 30	31,635,052	25,125,173	22,193,012	27,216,335	30,389,995
Debt service as a percentage of noncapital expenditures	8.781%	8.998%	9.974%	12.062%	10.206%

(1) Includes general, special revenue, and capital project funds.

(2) Includes State of NC School Building Fund and State School Bonds

(3) Source: Audited Annual Financial Reports of this entity.

The County restated fund balance in the General Fund during the current year to adjust for long-term loans receivable that have previously been reported as deferred inflows of resources. The restatement increased fund balance in the General Fund by \$1,834,612.

Table 4

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$35,812,627	\$36,601,697	\$37,715,918	\$38,565,445	\$41,089,519
16,335,879	17,233,158	17,752,631	18,066,003	19,165,264
1,322,961	1,259,792	1,365,449	1,359,794	1,301,035
14,371,507	12,062,103	13,073,014	11,752,558	12,129,540
817,415	796,007	881,357	890,338	867,757
9,492,906	9,650,400	7,763,333	8,659,316	9,935,148
0	0	0	0	0
396,613	311,008	345,671	556,361	1,086,605
1,014,334	1,287,996	1,147,192	478,754	513,209
<u>\$79,564,242</u>	<u>\$79,202,161</u>	<u>\$80,044,565</u>	<u>\$80,328,569</u>	<u>\$86,088,077</u>
\$9,159,001	\$9,837,895	\$9,929,956	\$8,940,552	\$10,305,932
19,142,844	19,839,901	18,104,448	17,913,542	24,285,785
18,150,917	18,520,085	18,528,070	15,994,937	16,690,154
2,347,957	2,436,819	2,723,967	2,014,646	2,580,810
964,686	1,074,392	1,069,689	1,130,606	1,237,269
18,202,096	18,294,282	17,640,017	20,460,402	20,877,380
7,220,276	4,333,905	4,253,856	6,184,336	5,784,334
1,623,400	1,397,301	1,298,997	1,120,367	1,313,292
		1,819,134	3,186,825	0
1,236,137	1,635,980	2,875,764	4,555,553	5,854,572
<u>\$78,047,314</u>	<u>\$77,370,560</u>	<u>\$78,243,898</u>	<u>\$81,501,766</u>	<u>\$88,929,528</u>
<u>\$1,516,928</u>	<u>\$1,831,601</u>	<u>\$1,800,667</u>	<u>(\$1,173,197)</u>	<u>(\$2,841,451)</u>
\$5,735	\$833,711	\$1,152,807	\$80,285	\$858,631
(349,113)	(913,992)	(715,359)	(507,643)	(1,217,254)
-	-	-	468,159	3,130,896
			7,630,000	22,380,000
223,631		50,890	0	558,533
			238,274	0
			1,732,834	-
<u>(\$119,747)</u>	<u>(\$80,281)</u>	<u>\$488,338</u>	<u>\$9,641,909</u>	<u>\$25,710,806</u>
<u>\$1,397,181</u>	<u>\$1,751,320</u>	<u>\$2,289,005</u>	<u>\$8,468,712</u>	<u>\$22,869,355</u>
\$30,389,995	\$33,621,788	\$35,373,108	\$37,662,113	\$46,130,825
1,834,612				
<u>32,224,607</u>	<u>33,621,788</u>	<u>35,373,108</u>	<u>37,662,113</u>	<u>46,130,825</u>
33,621,788	35,373,108	37,662,113	46,130,825	69,000,180
11.514%	7.567%	7.550%	9.903%	8.544%

COUNTY OF SURRY

Table 5

Continued

Governmental Revenue By Source (1)
Last Ten Fiscal Years
(modified basis of accounting)

Fiscal Year	Property Tax	Sales and Other Taxes	Unrestricted Inter-Governmental	Restricted Inter-Governmental (2)	Licenses and Permits
2010	34,833,183	14,612,792	397,689	16,631,168	677,658
2011	34,759,655	13,960,156	1,354,204	14,334,929	617,052
2012	34,883,475	15,123,965	1,459,490	13,598,018	644,773
2013	35,310,493	15,177,406	1,373,206	13,690,650	829,352
2014	34,272,605	17,614,284	1,331,086	14,527,650	807,246
2015	35,812,627	16,335,879	1,322,961	14,371,507	817,415
2016	36,601,697	17,233,158	1,259,792	12,062,103	796,007
2017	37,715,918	17,752,631	1,365,449	13,073,014	881,357
2018	38,565,445	18,066,003	1,359,794	11,752,558	890,338
2019	41,089,519	19,165,264	1,301,035	12,129,540	867,757

(1) Revenues shown here include all governmental fund type revenues.

(2) Includes State of NC School Building Fund and State School Bonds.

(3) Source: Audited Annual Financial reports for this entity.

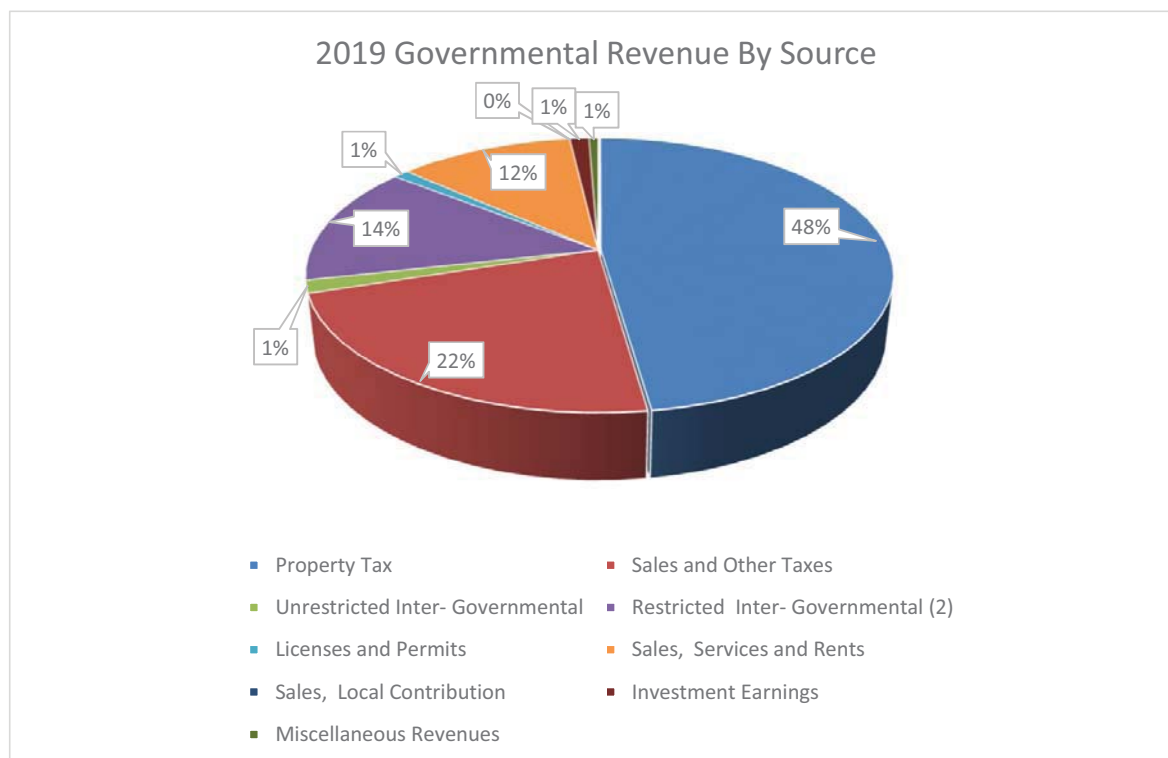


Table 5

Sales, Services and Rents	Local Contribution	Investment Earnings	Miscellaneous Revenues	Total
12,091,350	-	548,224	961,173	80,753,237
11,284,352	613,345	373,819	601,463	77,898,975
11,067,718	-	362,324	2,065,316	79,205,079
12,131,649	-	354,970	805,702	79,673,428
8,457,527	-	418,476	1,321,765	78,750,639
9,492,906	-	396,613	1,014,334	79,564,242
9,650,400	-	311,008	1,287,996	79,202,161
7,763,333	-	345,671	1,147,192	80,044,565
8,659,316	-	556,361	478,754	80,328,569
9,935,148	-	1,086,605	513,209	86,088,077

COUNTY OF SURRY

Table 6

Continued

Governmental Expenditures by Function Last Ten Fiscal Years (modified basis of accounting)

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Culture & Recreation</u>	<u>Debt Service-Principal</u>	<u>Debt Service-Interest</u>
2009	8,950,981	15,091,630	409,536	5,422,598	1,351,438
2010	8,971,055	16,661,009	935,014	5,258,317	1,615,787
2011	8,998,008	16,695,783	950,319	5,034,084	2,143,399
2012	10,071,587	17,135,602	890,715	5,682,631	2,322,521
2013	8,259,259	17,982,699	918,147	6,663,087	2,105,312
2014	8,762,802	18,714,042	971,136	5,564,360	1,854,916
2015	9,159,001	19,142,844	964,686	7,220,276	1,623,400
2016	9,837,895	19,839,901	1,074,392	4,333,905	1,397,301
2017	9,929,956	20,980,212	1,069,689	4,253,856	1,298,997
2018	8,940,552	22,469,095	1,130,606	6,184,336	1,120,367
2019	10,305,932	24,285,785	1,237,269	5,784,334	1,313,292

(1) Includes general, special revenue, and capital projects funds.

(2) Does not include school capital projects prior to 2007.

(3) Source: Audited annual financial reports of this entity.

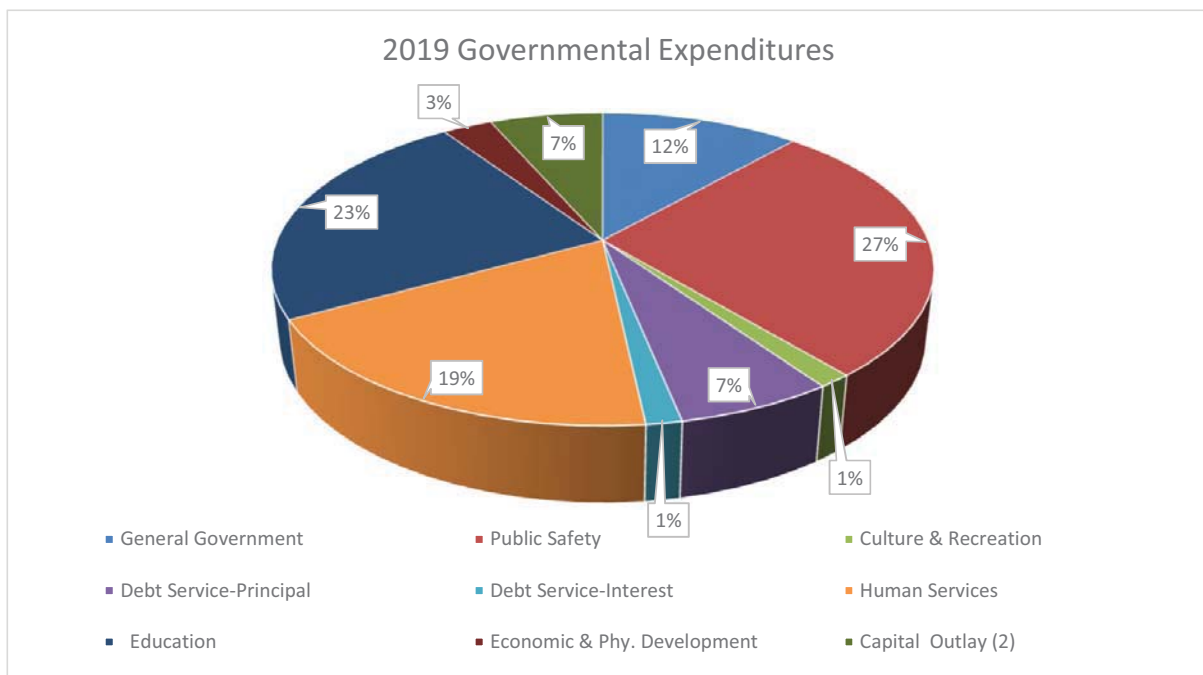


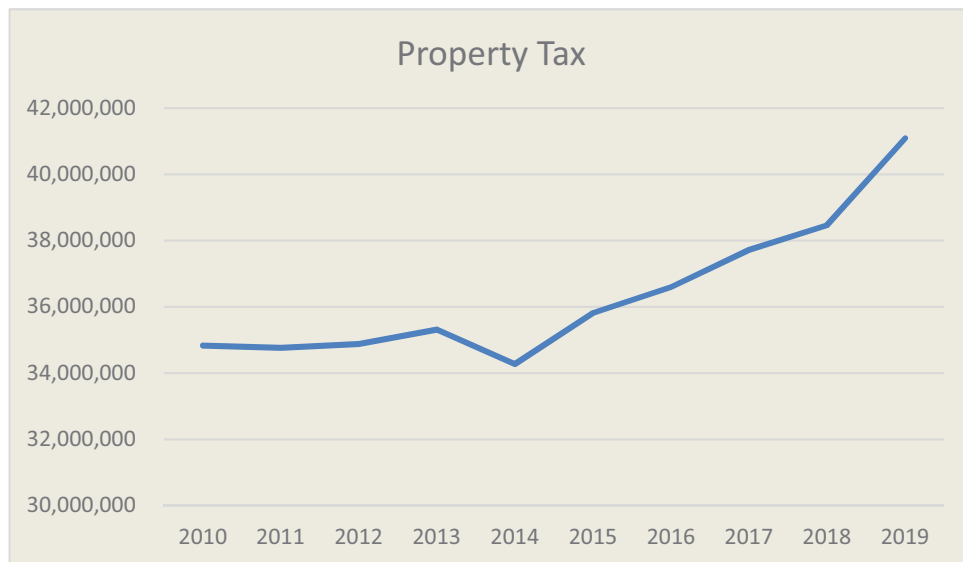
Table 6

<u>Human Services</u>	<u>Education</u>	<u>Economic & Phy. Development</u>	<u>Capital Outlay (2)</u>	<u>Totals</u>
22,135,605	21,357,232	2,903,162	6,272,061	83,894,243
21,145,732	19,755,082	3,937,963	24,743,213	103,023,172
22,213,116	13,162,055	10,568,921	13,235,262	93,000,947
21,286,982	19,193,953	3,678,853	1,773,344	82,036,188
18,466,330	15,820,167	2,481,556	1,967,409	74,663,966
17,817,706	17,158,170	1,850,049	3,636,133	76,329,314
18,150,917	18,202,096	2,347,957	1,236,137	78,047,314
18,520,085	18,294,282	2,436,819	1,635,980	77,370,560
18,528,070	17,640,017	2,723,967	1,819,134	78,243,898
15,994,937	20,460,402	2,014,646	4,555,553	82,870,494
16,690,154	20,877,380	2,580,810	5,854,572	88,929,528

Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
 (accrual basis of accounting)

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Total</u>
2010	34,833,183	34,833,183
2011	34,759,655	34,759,655
2012	34,883,475	34,883,475
2013	35,310,493	35,310,493
2014	34,272,605	34,272,605
2015	35,812,627	35,812,627
2016	36,601,697	36,601,697
2017	37,715,918	37,715,918
2018	38,460,082	38,460,082
2019	41,089,519	41,089,519

Note: Includes all governmental fund types. These amounts include fire and school districts.



COUNTY OF SURRY

Table 8

Property Tax Levies and Collections (1)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Percentage			Percentage	
		Amount	of Levy		Amount	of Levy
2010	31,147,112	30,088,026	96.60%	601,809	30,689,835	0.98532
2011	30,955,660	30,001,552	96.92%	580,354	30,581,906	0.98793
2012	31,186,745	30,084,691	96.47%	616,937	30,701,628	0.98444
2013	31,466,873	30,242,756	96.11%	750,785	30,993,541	0.98496
2014	32,180,254	28,976,330	90.04%	736,340	29,712,670	0.92332
2015	31,504,956	27,599,911	87.60%	590,609	28,190,520	0.89480
2016	32,370,872	28,182,737	87.06%	515,154	28,697,891	0.88653
2017	33,278,298	28,997,361	87.14%	447,931	29,445,292	0.88482
2018	33,722,246	32,921,517	97.63%	462,033	33,383,550	0.98996
2019	35,816,495	35,436,792	98.94%	0	35,436,792	0.98940

(1) Source: Audited annual financial reports of this entity and Tax Director's records.

FY 2014: Motor vehicles collected by State

FY 2018: the Tax department went to GAP billing for Motor Vehicles

**Property Tax Rates-Direct and Overlapping
Governments (1)
Last Ten Fiscal Years**

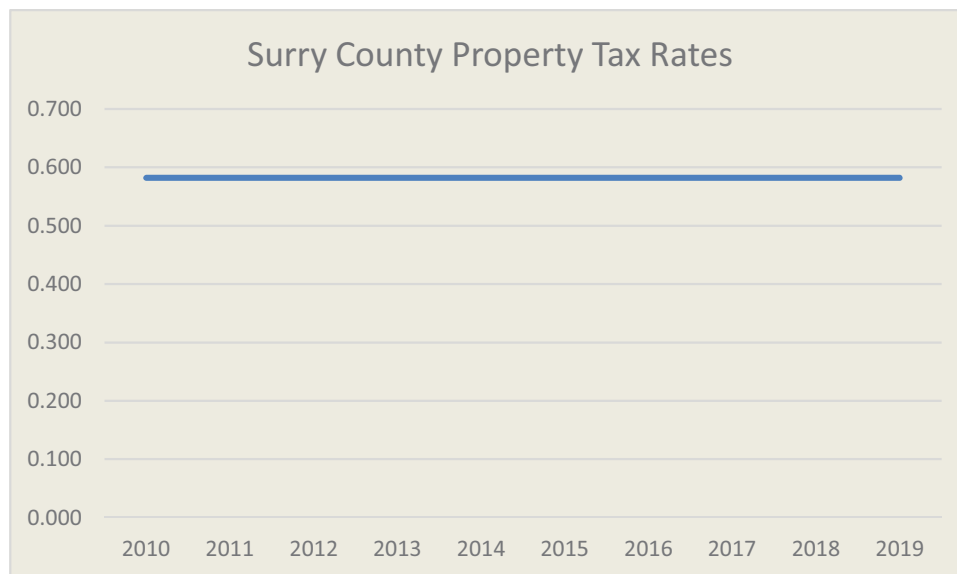
<u>Fiscal Year</u>	<u>Surry County</u>	<u>City of Mount Airy</u>	<u>Mount Airy MSD</u>	<u>Town of Pilot Mountain</u>	<u>Town of Elkin</u>	<u>Elkin MSD</u>	<u>Town of Dobson</u>	<u>Mount Airy School District</u>	<u>Elkin School District</u>
2010	0.582	0.590	0.220	0.560	0.475	0.100	0.380	0.100	0.122
2011	0.582	0.590	0.220	0.560	0.475	0.100	0.380	0.100	0.122
2012	0.582	0.560	0.200	0.560	0.475	0.100	0.380	0.100	0.122
2013	0.582	0.560	0.210	0.580	0.500	0.100	0.380	0.100	0.122
2014	0.582	0.520	0.210	0.580	0.550	0.100	0.380	0.100	0.122
2015	0.582	0.480	0.210	0.570	0.550	0.100	0.380	0.100	0.122
2016	0.582	0.480	0.210	0.570	0.550	0.100	0.380	0.100	0.122
2017	0.582	0.480	0.210	0.570	0.550	0.100	0.380	0.100	0.122
2018	0.582	0.600	0.210	0.570	0.550	0.100	0.380	0.110	0.132
2019	0.582	0.600	0.210	0.570	0.550	0.100	0.430	0.110	0.132

(1) Rate per \$100.00 of assessed valuation.

(2) Source: Respective entities.

(3) Surry County has a flat Direct Tax Rate. Municipalities set their own Direct Rate.

This rate, combined with the County Direct Rate, is the Total Overlapping Tax Rate.



COUNTY OF SURRY

Table 10

Property Tax Rates-Overlapping
Fire Districts (1)
Last Ten Fiscal Years

Fiscal Year	Name of Fire District					
	<u>Ararat</u>	<u>Bannertown</u>	<u>CC Camp</u>	<u>Central Surry</u>	<u>Four Way</u>	<u>Franklin</u>
2010	0.080	0.055	0.065	0.061	0.075	0.056
2011	0.080	0.055	0.065	0.061	0.085	0.066
2012	0.080	0.055	0.065	0.061	0.085	0.066
2013	0.080	0.055	0.065	0.061	0.095	0.066
2014	0.080	0.065	0.065	0.061	0.095	0.066
2015	0.080	0.065	0.065	0.061	0.095	0.066
2016	0.080	0.065	0.065	0.061	0.095	0.066
2017	0.080	0.065	0.075	0.061	0.095	0.076
2018	0.080	0.065	0.082	0.068	0.102	0.083
2019	0.080	0.065	0.105	0.068	0.115	0.096

Fiscal Year	Name of Fire District					
	<u>Jot-um Down</u>	<u>Mtn. Park</u>	<u>Pilot Knob</u>	<u>Pine Ridge</u>	<u>Pleasant Hill</u>	<u>Shoals</u>
2010	0.100	0.077	0.040	0.070	0.000	0.065
2011	0.100	0.077	0.040	0.070	0.000	0.065
2012	0.100	0.077	0.040	0.070	0.000	0.065
2013	0.100	0.077	0.040	0.070	0.000	0.065
2014	0.100	0.077	0.040	0.070	0.044	0.065
2015	0.100	0.077	0.040	0.070	0.044	0.065
2016	0.100	0.077	0.040	0.070	0.044	0.065
2017	0.100	0.077	0.040	0.070	0.044	0.065
2018	0.100	0.077	0.040	0.070	0.044	0.065
2019	0.100	0.077	0.040	0.070	0.044	0.065

Fiscal Year	Name of Fire District				
	<u>Skull Camp</u>	<u>South Surry</u>	<u>State Road</u>	<u>Westfield</u>	<u>White Plains</u>
2010	0.080	0.055	0.044	0.047	0.068
2011	0.080	0.055	0.044	0.047	0.068
2012	0.080	0.055	0.044	0.047	0.068
2013	0.080	0.055	0.044	0.057	0.068
2014	0.080	0.055	0.044	0.057	0.068
2015	0.080	0.055	0.044	0.057	0.068
2016	0.080	0.055	0.044	0.057	0.068
2017	0.080	0.065	0.044	0.057	0.068
2018	0.087	0.072	0.044	0.057	0.068
2019	0.100	0.085	0.044	0.092	0.068

(1) Rate per \$100.00 of assessed valuation.

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Real Property		Personal Property		Less:	(4)	(3)	(5)
	Residential & Commercial Property	Motor Vehicles	(2) Public Service	Exempt Real Property	Tax Total Taxable Assessed Value	Total Rate Per \$100	Memo 1049 Assess to Sales Ratio	Estimated Actual Tax Value
2010	4,148,303,243	1,014,870,174	150,723,493	2,044,447	5,311,852,463	0.582	96.30%	5,515,942,329
2011	4,190,072,457	964,288,304	150,474,702	2,070,509	5,302,764,954	0.582	98.02%	5,409,880,590
2012	4,202,089,555	990,895,690	157,852,481	2,103,254	5,348,734,472	0.582	99.75%	5,362,139,822
2013	4,104,087,817	1,100,121,626	167,009,037	2,159,352	5,369,059,128	0.582	99.59%	5,391,162,896
2014	4,121,257,167	1,204,348,210	175,433,808	2,185,170	5,498,854,015	0.582	99.16%	5,545,435,675
2015	4,165,636,430	1,074,070,808	171,727,879	2,160,021	5,409,275,096	0.582	99.16%	5,455,097,919
2016	4,207,088,384	1,135,793,985	204,676,931	2,169,987	5,545,389,313	0.582	98.68%	5,619,567,605
2017	4,718,721,425	776,400,812	214,553,584	1,173,173	5,708,502,648	0.582	99.60%	5,731,428,361
2018	4,963,574,970	604,065,828	226,358,853	1,157,843	5,792,841,808	0.582	96.80%	5,984,340,711
2019	4,362,826,430	1,639,477,952	223,369,911	86,079,591	6,139,594,702	0.582	94.00%	6,531,483,726

(1) Source: Audited Annual Financial reports of this entity and Tax Director's records.

(2) Public service companies' property includes real and personal property of utilities, railroads and airlines, etc. The assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

(3) Rate per \$100 of assessed value.

(4) The levy of property taxes is based on the assessed value of taxable property as of January 1 preceding the beginning of the fiscal year on July 1. All taxable property was assessed at one hundred percent (100%) of its estimated value at the time of revaluation (2008,2012,2016).

(5) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year. The ratio for the most recent year is not yet available.

COUNTY OF SURRY

Table 12

Principal Property Taxpayers (1)
Current Year and Ten Years Ago

<u>Taxpayer/Type of Business</u>	2019			County Tax Levy	2009			County Tax Levy
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	
Altec Capital Trust (Electrical Contractors)	\$ 237,497,780	1	4.078%	\$ 1,382,237				
Duke Energy Carolinas LLC (Public Service)	205,101,373	2	3.522%	1,193,690	\$ 60,846,651	2	1.317%	\$ 354,128
Pike Electric LLC (Electrical Contractors)	98,873,040	3	1.698%	575,441	67,192,997	1	1.454%	\$ 391,063
Surry Yadkin EMC (Electric Utility)	77,518,574	4	1.331%	451,158	30,417,499	4	0.658%	\$ 177,030
Pittsburgh Glass Works LLC (Automotive Glass)	69,303,037	5	1.190%	403,344				
Weyerhaeuser NR Company (Wood Products)	60,213,617	6	1.034%	350,443	35,747,842	3	0.774%	\$ 208,052
Smith - Rowe LLC (Construction)	30,579,507	7	0.525%	177,973				
Wayne Farms LLC (Poultry Processing)	26,558,245	8	0.456%	154,569	15,755,552	11	0.341%	\$ 91,697
Wal-mart Real Est Business Tru (Retail)	26,318,190	9	0.452%	153,172				
Cooke Trucking Co Inc (Trucking Company)	20,847,428	10	0.358%	121,332				
Hugh Chatham Memorial Hospital (Hospital)	17,290,886	11	0.297%	100,633	20,915,228	9	0.453%	\$ 121,727
Piedmont Communications Services Inc (Telephone Provider)	17,289,084	12	0.297%	100,622				
Time Warner Cable Southeast (Cable Company)	17,282,724	13	0.297%	100,585				
WLA Trucking (Trucking Company)	16,007,530	14	0.275%	93,164				
Hardy Brothers Inc (Trucking Company)	15,999,789	15	0.275%	93,119				
Lowe's Home Centers, Inc. (Home Improvement)					21,146,505	8	0.437%	133,223
Carolina Designs (Candle Manufacturer)					31,039,094	4	0.642%	195,546
Central Telephone (Telephone Utility)					23,881,540	6	0.494%	150,454
Interface Fabrics Group (Household Blankets, textiles)					14,898,911	9	0.308%	93,863
Totals	\$936,680,804		17.034%	\$5,451,482	\$321,841,819		6.655%	\$2,027,603

(1) Source: Audited annual financial reports of this entity and Tax Director's records.
Top Ten Taxpayers provided for 2006, whereas top 15 for 2016

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Government Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Financing/ Capital Leases	General Obligation Bonds	Installment Financing/ Capital Leases			
2010	7,475,000	49,400,414	2,519,000	2,926,157	62,320,571	29.01%	844
2011	5,670,000	54,965,885	2,490,000	2,457,592	65,583,477	29.97%	889
2012	3,875,000	51,078,255	2,459,000	2,080,860	59,493,115	26.94%	801
2013	2,195,000	46,233,627	2,427,000	1,691,555	52,547,182	22.34%	703
2014	1,080,000	41,784,267	2,393,000	1,289,257	46,546,524	19.66%	635
2015	825,000	34,818,991	2,358,000	873,533	38,875,524	15.89%	527
2016	770,000	35,540,086	2,321,000	443,935	39,075,021	15.51%	537
2017	715,000	31,408,186	2,459,000	383,319	34,965,505	13.63%	475
2018	660,000	33,147,124	2,243,000	581,670	36,631,794	13.62%	507
2019	605,000	49,797,790	2,202,000	7,889,012	60,493,802	21.83%	841

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

Population data can be found in Table 18.

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	(1) Population	(2) Assessed Value	(2) General Obligation Bonds	(3) Less: Amounts Available in Debt Service Fund	(4) Net Bonded Debt	Ratio of Net Bonded to Assessed Value	Net Bonded Debt Per Capita
2010	73,881	5,311,852,463	9,994,000	-	9,994,000	0.19%	135
2011	73,791	5,302,764,954	8,160,000	-	8,160,000	0.15%	111
2012	74,246	5,348,734,472	6,334,000	-	6,334,000	0.12%	85
2013	74,702	5,369,059,128	4,622,000	-	4,622,000	0.09%	62
2014	73,367	5,498,854,015	3,473,000	-	3,473,000	0.06%	47
2015	73,834	5,409,275,096	3,183,000	-	3,183,000	0.06%	43
2016	72,743	5,545,389,313	3,091,000	-	3,091,000	0.06%	42
2017	73,673	5,708,502,648	2,998,000	-	2,998,000	0.05%	41
2018	72,224	5,792,841,808	2,903,000	-	2,903,000	0.05%	40
2019	71,948	6,139,594,702	2,807,000	-	2,807,000	0.05%	39

(1) Source: North Carolina Office of State Budget and Management.

(2) Source: Audited annual financial reports of this entity.

(3) Refer to Statement of Net Position (Exh 1) Net position restricted for debt service are for debts not backed by the resources of the General Government.

(4) Amount does not include special assessment bonds and revenue bonds. The County does not have any special assessment or revenue bonds outstanding.

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

See table 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

COUNTY OF SURRY

Table 15

Continued

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$424,948,197	\$424,221,196	\$427,898,758	\$429,524,730
Total gross debt applicable to limit	61,121,527	64,398,237	58,322,631	51,391,930
Legal debt margin	363,826,670	359,822,959	369,576,127	378,132,800
Total net debt applicable to the limit as a percentage of debt limit	14.38%	15.18%	13.63%	11.96%

Note: Under state finance law, the County's outstanding general obligation debt should not exceed 15% of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying G.O. Bonds.

2019 Data

Assessed Value: \$ 6,139,594,702

Total Assessed Value \$ 6,139,594,702

Debt Limit - Eight Percent (8%)
of Assessed Value: \$ 491,167,576

Long-term Debt:

Outstanding General Obligation Bonds:

2010A Public Building	\$ 605,000
2007 Water/Sewer	2,202,000
2018 Bond Sale	7,245,000
2019 Bond Sale	22,380,000

Installment Purchase Agreements 26,738,020

\$ 59,170,020

Less: General Obligation Bonds included in above for long-term
debt incurred for water. \$ 1,048,152

Other:

Capital Leases: 1,323,782

Gross Debt: \$ 59,445,650

LEGAL DEBT MARGIN: \$ 431,721,926

(1) Source: Audited annual financial reports of this entity.

(2) School and community college bonds.

Table 15

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$439,908,321	\$432,742,008	\$443,631,145	\$ 456,680,212	\$ 463,427,345	\$ 491,167,576
45,407,456	37,753,116	37,970,225	33,702,797	36,032,285	59,445,650
394,500,865	394,988,892	405,660,920	422,977,415	427,395,060	431,721,926
10.32%	8.72%	8.56%	7.38%	7.78%	12.10%

COUNTY OF SURRY

Table 16

Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	(2) Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes: (1)			
Town of Dobson-General Obligation Bonds	\$ -	100%	\$ -
Town of Dobson-Installment Financing	332,783	100%	332,783
Town of Elkin-General Obligation Bonds	-	100%	-
Town of Elkin-Installment Financing	202,440	100%	202,440
City of Mount Airy-General Obligation Bonds	-	100%	-
City of Mount Airy-Installment Financing	324,000	100%	324,000
Town of Pilot Mountain-General Obligation Bonds	-	100%	-
Town of Pilot Mountain-Installment Financing	756,359	100%	756,359
Subtotal, overlapping debt	1,615,582	100%	1,615,582
County of Surry direct debt			33,807,124
Total direct and overlapping debt			\$ 35,422,706

(1) Source: Finance Officers of respective entities.

(2) Does not include debt reported in enterprise funds.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

2019				2009			
<u>Rank</u>	<u>Employer/Type of Business</u>	<u>Number of Employees</u>	<u>(2) Percentage of of total County Employment</u>	<u>Rank</u>	<u>Employer/Type of Business</u>	<u>Number of Employees</u>	<u>(2) Percentage of of total County Employment</u>
1	Surry County Schools (School System)	1100	3.22%	1	Surry County Board of Education (School System)	1,239	3.69%
2	Wayne Farms Llc (Poultry Products)	960	2.81%	2	Wayne Farms Llc (Poultry Products)	866	2.58%
3	Northern Hospital (Hospital)	913	2.67%	3	County of Surry (Poultry Products)	859	2.56%
4	Hugh Shatham Hospital (Hospital)	850	2.49%	4	Northern Hospital of Surry (Hospital)	745	2.22%
5	Surry Community College (College)	777	2.27%	5	Hanesbrands, Inc (Footware Manufacturer)	427	1.27%
6	Wal-Mart (Retail Sales)	600	2.27%	6	Surry Community College (College)	418	1.24%
7	County of Surry (County Government)	550	1.61%	7	Wal-mart (Retail Sales)	410	1.22%
8	Arevo Group Inc (Professional Services)	400	1.17%	8	Hugh Chatham Memorial Hospital (Hospital)	407	1.21%
9	Renfro Corporation (Footware Manufacturer)	350	1.02%	9	Renfro Corporation (Footware Manufacturer)	351	1.04%
10	McDonalds (Fast Food)	350	1.02%	10	Floyd Pike Electrical Contractors (Electrical Contractors)	342	1.02%
11	Lowes Home Centers (Retail Sales)	300	0.88%	11	Workforce Carolina Inc (Employment Services)	331	0.99%
12	Food Lion (Retail Sales)	280	0.66%	12	True Textiles (Hosehold Blankets, Bedding)	308	0.92%
13	Mount Airy City School (School System)	225	0.66%	13	City of Mount Airy (Municipality)	239	0.71%
14	Pike Electric (Electrical Contractors)	180	0.53%	14	Nester Hosiery, Inc. (Footware Manufacturer)	179	0.53%
15	Smith Rowe (Construction)	130	0.38%	15	Candle Corporation (Candle Manufacturer)	171	0.51%
Totals		7,965	23.65%			7,292	21.70%

(1) Source: Respective Businesses

(2) Source: State Agency Data: Department of Commerce

Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population(1)	**Total Personal Income (7)	Per Capita Personal Income (2)	Building Permits	
				Residential (3)	Commercial (3)
2009	73,881	2,148,549	20,443	17,362,057	38,157,809
2010	73,791	2,188,272	19,971	5,368,887	6,249,284
2011	74,246	2,208,635	19,649	17,156,275	7,827,220
2012	74,702	2,351,742	19,408	12,869,755	4,975,445
2013	73,344	2,367,617	19,883	21,315,911	7,167,911
2014	73,834	2,447,190	19,918	20,073,545	13,578,861
2015	72,743	2,518,924	20,330	29,248,239	15,811,981
2016	73,673	2,564,576	21,411	30,585,538	11,988,785
2017	72,224	2,688,814	22,533	25,604,416	13,553,789
2018	71,948	2,771,613	23,957	16,831,473	38,108,114

Data Sources

- (1) US Census Quick Facts Report
- (2) US Census Quick Facts Report
- (3) Surry County Building and Inspections Office
- (4) NC State Board of Elections (Reporting Period of 01/01/2019)
- (5) LINC Report
- (6) AccessNC; NC Department of Commerce
- (7) LINC Report

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

*Not available as of May 29, 2019

** Total Personal Income for 2017 & 2018 was not be available from Bureau of Economic Analysis as of November 27, 2017.

*** Per Capita Personal Income not available as of May 29, 2019

Table 18

School Enrollment	Unemployment	Monthly Labor	Registered	County Gross Retail Sales(000)/ Taxable Sales (7)
<u>Adm (5)</u>	<u>Rate(6)</u>	<u>Force (1)</u>	<u>Voters(4)</u>	
11,176	11.4%	33,604	43,414	628,813
11,070	11.9%	32,942	43,826	666,359
11,154	11.3%	33,439	43,329	699,984
11,562	10.1%	33,248	45,027	707,477
11,509	9.0%	32,599	43,704	725,514
11,531	6.5%	31,302	42,851	741,245
11,414	5.8%	29,929	43,199	781,623
11,307	4.9%	29,602	46,194	829,842
11,005	4.3%	29,195	45,458	889,102
11,836	3.5%	34,197	46,343	889,934

COUNTY OF SURRY**Table 19**

Continued

**Full-time Equivalent County Government Employees by Function
Last Ten Calendar Years****Full-time Equivalent Employees as of December 31**

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Function			
General Government	84	76	76
Public Safety:			
Sheriff Department Officers & Admin.	102	101	96
EMS	67	70	71
Fire Marshal	4	4	4
Inspections	11	10	10
Communications	15	16	14
Animal Control	7	7	8
Culture and Recreation	2	2	1
Human Services:			
Health	159	187	154
Department of Social Services	112	111	107
Veteran Services	2	2	2
Economic and Physical Development:			
Planning	6	6	6
Tourism	4	3	3
Cooperative Extension	4	4	7
Natural Resources Conservation Service	3	3	3
Proprietary:			
Landfill	11	9	12
Total	593	611	574

Source: County of Surry Payroll Office

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. This calculation began with the implementation of new software for fiscal year 1998.

Table 19

Calendar Year						
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
77	76	76	70	71	77	78
95	98	102	103	103	102	113
70	71	73	80	78	81	82
4	4	4	4	4	4	4
10	10	9	7	8	4	5
15	17	15	17	17	16	19
8	8	7	8	8	8	10
2	3	3	4	4	1	6
108	100	93	84	85	58	94
103	102	107	108	103	108	110
2	2	2	2	3	3	3
6	5	5	4	4	3	1
1	1	0	0	0	0	0
7	7	7	6	1	1	4
3	3	3	3	3	2	0
11	11	12	13	12	12	21
522	518	518	513	504	480	550

COUNTY OF SURRY

Table 20

Continued

Operating Indicators by Function
Last Ten Calendar Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Finance Department										
Vendor Checks Written	16,536	17,154	17,532	16,126	15,934	14,708	14,295	14,941	14,812	13,551
Payroll Checks Processed	9,671	9,664	9,393	8,912	8,195	8,307	8,399	8,683	8,607	8,946
Purchase Orders Issued	1,319	1,503	1,460	1,305	1,215	1,263	1,388	1,154	1,025	1,035
Credit Card Transactions to County	1,091	1,719	2,788	2,623	3,101	4,314	5,127	11,581	9,139	10,684
Register of Deeds										
Birth Certificates Filed	1,065	1,036	951	1,029	884	919	939	879	861	865
Death Certificates Filed	745	885	936	863	866	902	962	997	1,074	999
Marriage Licenses Issued	508	511	529	524	501	556	578	561	519	491
Tax Department										
Percent of Levy Collected	97.70%	97.82%	97.60%	97.23%	97.22%	97.98%	98.28%	98.40%	98.64%	98.76%
Public Safety:										
Sheriff's Office										
Answered Calls for Service	67,535	79,347	69,332	91,142	114,086	118,921	143,838	115,585	103,567	85,386
Warrants/Criminal Summonses	2,705	2,649	2,548	3,506	3,358	3,416	2,761	10,000	3,282	2,204
Civil Processes and subpoenas served	16,357	14,863	16,212	16,739	16,576	16,361	21,049	21,357	16,169	17,620
Number of Domestic Violence Orders	337	309	233	270	230	205	284	300	299	402
Inmates processed in the Detention Center	3,041	3,020	3,071	3,229	2,645	2,613	2,585	2,770	2,749	2,488
EMS										
Total EMS Calls	14,304	15,428	13,724	16,738	17,206	17,278	19,591	19,365	22,969	24,772
Fire Marshal										
Permit Inspections	27	77	40	42	41	19	16	28	18	19
Number of Inspections conducted	1,596	2,104	1,954	1,696	1,783	1,869	1,968	1,408	2,077	2,104
Inspections										
Number of residential permits issued	99	88	83	74	76	134	507	590	205	174
Number of commercial permits issued	22	15	27	22	77	53	135	57	29	23
Communications										
Total 911 calls (Calendar Yr)	37,236	37,277	44,041	48,011	48,011	46,523	49,290	51,096	44,830	41,751
Total Administrative Calls	205,652	119,709	190,004	182,826	182,826	158,445	150,132	121,567	141,474	136,149
*until 2006 data, 911 calls and Administrative calls included CAD, EMD calls										
Animal Control										
Total Impounded Animals	4,542	3,926	4,102	3,426	2,971	1,028	1,381	1,224	2,604	3,149
Domestic Animals receiving rabies vaccine	12,867	13,397	12,669	268	329	437	744	693	1296	1032
Culture and Recreation:										
Park										
Shelter Reservations	602	570	878	888	755	610	555	688	621	563
Ballfield Reservations	922	887	742	560	418	389	459	540	604	652

COUNTY OF SURRY

Table 20

Operating Indicators by Function
Last Ten Calendar Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Human Services:										
Health										
Number of Immunizations	15,776	10,186	6,018	5,780	6,203	3,776	3,631	5,368	5,091	5,495
WIC-no. of recipients (caseload)	2,036	2,100	2,247	2,112	1,800	1,919	***4784	4,348	4,411	4,457
Total Patients seen by Pediatrics	5,337	5,808	5,977	4,988	4,787	4,551	4,181	3,999	4,751	5,032
Patients seen at Dental Clinic	4,836	7,300	7,855	7,334	7,392	4,261	5,100	8,172	6,752	5,515
Food and Lodging Inspections	905	725	790	676	1,409	1,417	1,206	1,429	886	919
Soil Site Evaluations by Environmental Health	273	191	195	177	218	182	^672	^432	^425	^446
Department of Social Services										
Children and families receiving Medicaid	9,047	9,087	9,464	9,514	9,333	**	**	**	**	**
Total NC Health Choice Recipients	1,398	1,442	1,532	1,441	1,447	**	**	**	**	**
Elderly, Blind&Disabled Adult Recipients	4,753	4,973	5,103	5,105	5,225	**	**	**	**	**
Total Households receiving Food Stamps	5,206	6,090	6,741	7,009	6,879	6,896	6,814	6,843	6,280	
Total Households receiving										
Low income Energy Assistance	3,106	3,526	3,876	584	879	1,741	1,679	1,457	1,212	1,271
Total Families Receiving Emergency Assist.	919	1,379	1,332	1,862	1,533	874	1,013	1,333	1,078	815
Total Child Support Collections	\$3,873,636	\$3,864,858	\$3,953,153	\$3,903,066	\$3,917,053	\$3,694,651	\$3,624,028	\$3,431,413	\$3,352,684	\$3,464,762
Children served monthly-Daycare	796	844	633	672	520	571	587	524	523	534
Adoptions Finalized	10	15	16	19	23	13	21	16	8	4
Adoption Assistance Recipients	107	111	112	120	111	112	123	121	124	121
Work First Cash Assistance Households	185	164	165	145	128	120	104	106	119	114
Children Receiving Child Support	2,782	2,759	2,758	2,803	2,830	2,746	2,633	2,600	2,618	2,537
Child Abuse & Neglect Reports	885	935	1,113	1,123	1,121	1,233	1,113	985	810	769
Adult Abuse & Neglect Reports	50	51	57	47	48	49	35	43	65	70
Voter Registrations Completed	193	381	541	528	302	297	307	604	117	126
<i>New service provided 2007</i>										
Total Number of Fishing Licenses Approved	45	64	81	119	119	224	242	232	186	167
<i>New service provided 2007</i>										
Veteran Services										
Number of Veterans served	13,500	14,500	26,200	*20,000	*20,000	*20,000	*28,000	*29,000	*29,000	*30,000
Economic and Physical Development:										
Planning										
Number of Zoning Permits Issued	452	425	472	454	538	529	338	386	345	323

*estimated number

**is no longer available to be reported in same format

***caseload prior to 2015 was based on monthly numbers

^as of 2015 includes inspections, visits, and investigations

Sources: Annual reports from various departments of the County.

Note: The same information may/may not be provided each year, due to computer, management changes.

COUNTY OF SURRY

Table 21

Continued

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public Safety:				
Jail/Sheriff's Office	1	1	1	1
Total Sheriff Vehicles	88	99	93	93
EMS				
Total EMS Vehicles	27	31	30	30
Inspections				
Inspection Vehicles	7	6	6	6
Culture and Recreation				
Park Acreage-Fisher River Park	43	43	43	43
Amphitheater	1	1	1	1
Proprietary:				
Lined Landfill Acres	24	24	24	24
Total land at Mount Airy Landfill	452.07	452.07	452.07	452.07
Total land at Elkin Landfill	99	99	99	99
Recycling Centers	13	13	13	13

Sources: Asset records for departments of the County.

Note: No capital asset indicators are available for the general government.

Table 21

Fiscal Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
2 99	3 99	3 105	7 105	4 105	4 105
32	32	35	28	33	27
5	7	6	8	6	6
43 1	43 1	43 1	43 1	43 1	100 1
24 452.07 99 13	24 452.07 99 13	24 452.07 99 13	24 452.07 99 13	24 452.07 162 13	19 466.25 158.85 13

COMPLIANCE SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Independent Auditors' Report

To the Board of County Commissioners
Surry County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Surry County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Surry County's basic financial statements, and have issued our report thereon dated February 21, 2020. The financial statements of the Surry County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Surry County's internal control over financial reporting (internal control) to determine the 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 Surry County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Surry County'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 21, 2020



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Report On Compliance For Each Major Federal Program; Report
On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance
And The State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Surry County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the County of Surry, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Surry County's major federal programs for the year ended June 30, 2019. Surry County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Surry County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Surry County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Surry County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Surry County's internal control over compliance.

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

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 21, 2020



**Report On Compliance For Each Major State Program; Report
On Internal Control Over Compliance; In Accordance With OMB Uniform Guidance
And The State Single Audit Implementation Act**

Independent Auditors' Report

Board of County Commissioners
Surry County, North Carolina

Report on Compliance for Each Major State Program

We have audited Surry County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* that could have a direct and material effect on each of Surry County, North Carolina's major state programs for the year ended June 30, 2019. Surry County, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Surry County, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Surry County, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Surry County, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing

procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Surry County, North Carolina's internal control over compliance.

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

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 21, 2020

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified?	None reported
Noncompliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

<u>Program Name</u>	<u>CFDA #</u>
Supplemental Nutrition Assistance Program	10.561
Low Income Home Energy Assistance	93.568
IV-E Foster Care	93.658
Medical Assistance Program (Title XIX - Medicaid)	93.778

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
Surry County qualified as a low-risk auditee?	No

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? None reported

Type of auditor's report issued on compliance
for major state programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the State
State Single Audit Implementation Act?

No

Identification of major State programs:

Program Name
Public School Building Capital Fund
State Aid to Airports
Building Reuse Grant

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019

II. Financial Statement Findings

Finding 2019-001: Material Audit Adjustments

Material Weakness

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: A material audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the County's system of controls did not detect and prevent such errors.

Effect: Errors could occur in financial reporting, causing users of the financial statements to rely on inaccurate information for decision making.

Cause: Several material audit adjustments and client-prepared adjustments were required after the trial balance was provided to the auditors.

Recommendation: We recommend that management implement a formal year-end closing process to close the books accurately and in a timely manner prior to the annual audit.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Please refer to the corrective action plan on page 172.

Finding 2019-002: Fixed Asset Administration

Material Weakness

Criteria: The County's capital assets are a material component of the County's financial statements, and as such, the records should be maintained accurately, and with adequate oversight.

Condition: The County's capital asset records required a significant amount of rework in order to reconcile the activity and ending balances. The auditors also noted that in some cases disposals were processed in the system with little or no support. After further investigation, many of these disposals were determined to be incorrect and had to be reversed.

Effect: The County's capital asset records could be materially incorrect, and as such, assets could be subject to mismanagement or misappropriation that goes undetected.

Cause: The County's capital asset system and reporting did not have sufficient oversight and reconciliation.

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2019

Recommendation: As part of the year-end close procedures recommended above, the County's capital asset records should be reconciled and a roll forward should be prepared that agrees to the capital asset system. Changes in assets, including additions, disposals, and transfers from CIP should be verified and supported by documentation before being entered into the system.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Please refer to the corrective action plan on page 172.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

RHONDA NIXON
Finance Officer



SURRY COUNTY GOVERNMENT CENTER
114 West Atkins St., Suite 205
Dobson, NC 27017

PHONE (336) 401-8251
FAX (336) 401-8217

COUNTY OF SURRY

Corrective Action Plan

Financial Statement Findings

Finding: 2019-001

Name of contact person: Rhonda Nixon, Finance Officer, Surry County, NC

Corrective action: Procedures have been implemented by new management to change year end closing procedures. New management has previously worked in finance and is familiar with the year end closing process.

Proposed completion date: Completed

Finding: 2019-002

Name of contact person: Rhonda Nixon, Finance Officer, Surry County, NC

Corrective action: New management has knowledge in asset administration and has adjusted the procedures to ensure assets balance each month and at year end.

Proposed completion date: Completed

Schedule of Prior Year Audit Findings

Finding 2018-001: Significant audit adjustment - HUD Loans

Status: Corrected

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Division of Social Services:</u>					
<u>SNAP Cluster:</u>					
Administration:					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561	16165NC4062514	\$ 710,755	\$ -	\$ -
Total SNAP Cluster			710,755	-	-
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infant, and					
Children (Note 4)	10.557	16165NC705W1003	351,828	-	-
Total U.S. Department of Agriculture			1,062,583	-	-
<u>U.S. Department of Transportation (DOT)</u>					
Passed-through the N.C. Dept. of Public Safety:					
<u>Federal Aviation Administration</u>					
Runway Rehabilitation and Strengthening	20.106	36237.59.16.1	29,250	-	-
Total Federal Aviation Administration			29,250	-	-
Total U.S. Department of Transportation			29,250	-	-
<u>U.S. Department of Housing and Urban Development (HUD)</u>					
Passed through the N.C Housing Finance Agency:					
Home Investment Partnership Program - Home Program	14.239	M-14-DC-37-0203	10,531	-	-
Home Investment Partnership Program - Home Program	14.239	M-15-DC-37-0203	15,938	-	-
Home Investment Partnership Program - Home Program	14.239	M-16-DC-37-0203	19,822	-	-
Home Investment Partnership Program - Home Program	14.239	M-17-DC-37-0203	84,133	-	-
Boone Trail Program Income	14.239	--	109,259	-	-
Total U.S. Department of Housing and Urban Development			239,683	-	-
<u>U.S. Department of Justice</u>					
Direct Program:					
Equitable Sharing Program	16.922		20,717	-	-
Total U.S. Department of Justice			20,717	-	-
<u>U.S. Department of Health and Human Services (DHHS)</u>					
<u>Administration for Children and Families:</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Subsidized Child Care Cluster (Note 3):</u>					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund-Administration	93.596	80901	90,549	-	-
Total Child Care Development Fund Cluster			90,549	-	-
Total Subsidized Child Care (Note 3)			90,549	-	-
<u>Division of Social Services:</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
<u>Foster Care and Adoption Cluster (Notes 3 & 4):</u>					
Administration:					
Foster Care	93.658	1901NCFOST	101,650	30,237	-
Title IV-E CPS	93.658	1901NCFOST	30,988	24,379	-
Title IV-E Foster Care	93.658	1901NCFOST	4,649	78	-
Title IV-E Foster Care Trn	93.658	1901NCFOST	237	-	-
Title IV-E Foster Care/Off Trn	93.658	1901NCFOST	145,255	-	-
Title IV-E Adoption	93.659	1901NCADPT	186	-	-
Title IV-E Foster Care - Extended Max	93.658	1901NCFOST	11,934	3,125	-
Title IV-E Foster Care in Extended Reg	93.658	1901NCFOST	118,607	29,058	-
Title IV-E Adoption/Off Trn	93.659	1901NCADPT	9,101	-	-
Title IV-E Optional Adopt Trn 5	93.659	1901NCADPT	1,821	-	-
Total Foster Care and Adoption Cluster (Note 3)			424,428	86,877	-
Family Preservation	93.556	1901NCFPSS	13,359	-	-
Refugee Assistance Administration	93.566	1901NCFPSS	394	-	-
IV-D Administration	93.563	190NV4005	430,168	-	-
Low Income Home Energy Assistance - Administration	93.568	G19B1NCLIEA	60,186	-	-
Low Income Home Energy Assistance - Crisis Intervention	93.568	G19B1NCLIEA	353,201	-	-
Low Income Home Energy Assistance - Direct Benefit Payment	93.568	G19B1NCLIEA	396,900	-	-
Permanency Planning Svc & Admin	93.645	G1901NCCWSS	25,038	-	-
SSBG Other Services and Training	93.667	G1901NCSOSR	337,886	-	-
In Home Services	93.667	G1901NCSOSR	4,917	-	-

SURRY COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
In Home Services Over 60	93.667	G1901NCSOSR	6,827	-	-
LINKS	93.674	1901NC1420	9,472	2,368	-
Children's Health Insurance Program					
NC Health Choice - Administration (Note 4)	93.767	CHIP19	64,925	-	-
Total Division of Social Services			2,127,701	89,245	-
<u>Division of Public Health</u>					
Passed through NC Dept. of Health and Human Services:					
Hospital Preparedness Program (HPP) and Public Health					
Emergency Preparedness (PHEP) Aligned Cooperative					
Agreements	93.074	U90TP000538	33,521	-	-
Well-Integrated Screening and Evaluation for Women	93.094	XXXX	4,865	-	-
Well-Integrated Screening and Evaluation for Women					
Across the Nation	93.094	5NUDP004872-03	1,890	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	U52PS004872-03	50	-	-
		FPHPA046048 &			
Family Planning Services	93.217	FPHPA046226-01	33,443	-	-
Immunizations Cooperative Agreements	93.268	H23IP0000759	21,050	-	-
TANF	93.558	1901NCTAN3	8,494	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	35,809	-	-
Cancer Prevention and Control Programs for State,					
Territorial and Tribal Organizations	93.898	XXXX	20,400	-	-
Maternal and Child Health Services Block Grant	93.994	B04MC28118	87,190	-	-
Block Grants -Prevent and Treatment of Substance Abuse	93.977	H25PS004349	100	-	-
Total Division of Public Health			246,812	-	-
<u>Administration of Children and Families</u>					
Passed through NC Dept. of Health and Human Services:					
TANF Cluster: (Note 4)					
TANF/Work First Administration	93.558	G1901NCTANF	67,029	-	-
TANF/Work First Service	93.558	G1901NCTANF	466,258	-	-
Total TANF Cluster			533,287	-	-
AFDC Payments & Penalties	93.560		(433)	(119)	-
Total Administration of Children and Families			532,854	(119)	-
<u>Division of Medical Assistance</u>					
<u>Medicaid Cluster:</u>					
Division of Medical Assistance					
Medical Assistance Program - Administration (Note 4)	93.778	XIX-MAP19	1,619,371	5,392	-
Total Medicaid Cluster			1,619,371	5,392	-
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed-through Piedmont Triad Regional Council of Governments:					
<u>Aging Cluster:</u>					
Special Programs for the Aging - Title III B - Grants					
for Supportive Services and Senior Centers	93.044	NC-07(19)	120,388	14,886	24,818
In-Home Services:					
Special Programs for the Aging - Title III C -					
Nutrition Services - Congregate Nutrition - Title III-C 1	93.045	NC-07(19)	40,998	2,414	43,412
Special Programs for the Aging Title III, part C_Nutrition					
Services - Home Delivered Nutrition - Title III-C2	93.045	NC-07(19)	103,762	75,262	179,024
Nutrition Services Incentive Program	93.053	NC-07(19)	32,642	-	32,642
Total Aging Cluster			297,790	92,562	279,896
National Family Caregiver Support, Title III, Part E	93.052	NC-07(19)	48,935	3,262	-
Total Administration on Aging			346,725	95,824	279,896
<u>Administration for Community Living</u>					
Passed Through N.C. Department of Insurance:					
State Health Insurance Assistance Program	93.324	90SA0090-01-00	7,607	-	-
Total Administration for Community Living			7,607	-	-
Total DHHS			4,971,619	190,342	279,896
<u>U.S. Department of Homeland Security</u>					
Passed Through N.C. Department of Public Safety					
<u>Division of Emergency Management</u>					
Homeland Security Grant Program	97.067	EMW2017-1704/EMW2016-1660	36,422	-	-
Emergency Management EMPG Operations	97.042	EMPG-2018-18085	19,262	19,262	-
Total U.S. Department of Homeland Security			55,684	19,262	-
Total Federal awards			6,379,536	209,604	279,896

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
State Awards:					
<u>N.C. Dept. of Health and Human Services (NCDHHS)</u>					
<u>Division of Public Health</u>					
Food and Lodging Fees		Activity 874	-	27,693	-
General Aid to Countries		Activity 110	-	95,066	-
General Communicable Disease Control		Activity 510	-	2,391	-
Health Communities			-	4,137	-
School Nurse Funding Initiative		Activity 803	-	250,000	-
Child Health		Activity 351	-	22,117	-
HIV/STD State		Activity 536	-	500	-
STD Drugs		Activity 894	-	1,056	-
Maternal Health (HMHC)		B04MC29320	-	45,124	-
Women's Health Service Fund		Activity 151	-	8,333	-
TB Control		Activity 551	-	2,733	-
Breast and Cervical Cancer Program		5NU58DP003933	-	40,800	-
Total Division of Public Health			-	499,950	-
<u>Division of Social Services:</u>					
AFDC Incentive/Program Integrity			-	2,710	-
State Child Welfare/CPS			-	42,854	-
State Foster Home			-	36,476	-
SFHF Maximization			-	52,942	-
Smart Start			-	31,951	-
Total Division of Social Services			-	166,933	-
<u>Division of Aging and Adult Services:</u>					
Passed Through Piedmont Triad Regional Council of Governments					
In-Home Services:					
State Funds		NC-07(19)	-	210,667	9,127
Senior Center General Purpose		NC-07(19)	-	10,692	10,692
Caregiver Match		NC-07(19)	-	2,756	119
Total Division of Aging and Adult Services			-	224,115	19,938
Total NCDHHS			-	890,998	19,938
<u>N.C. Dept. of Commerce</u>					
ARC/TVA Surry County Sewer System Ext		NC-17728 Project #8376	-	137,074	-
Building Reuse Grant		2018-098-3201-2587	-	500,000	500,000
Industrial Development Fund: Weyerhaeuser Water Improvements		U-437	-	355,296	355,296
Total N.C. Dept. of Commerce			-	992,370	855,296
<u>N.C. Dept. of Transportation (NCDOT)</u>					
Rural Operating Assistance Program (ROAP):					
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.8.1	-	79,580	-
ROAP Rural General Public Program		36228.22.8.1	-	100,963	-
ROAP Work First Transitional - Employment		36236.11.7.1	-	17,846	-
Total Rural Operating Assistance Program			-	198,389	-
State Aid to Airports, DOT-8					
Mount Airy/ Surry County Airport		36244.49.8.1	-	657,571	-
LLR Land Reimbursement (West Phase II & Holly Ave)		36244.49.7.1	-	155,014	-
Land Acquisition		36244.49.6.4	-	1,245	-
AV-5859- PE		47212.1.1	-	255,909	-
Total Mount Airy/ Surry County Airport			-	1,069,739	-
Total NCDOT			-	1,268,128	-
<u>N.C. Administrative Office of the Courts</u>					
Sheriff's Department - Safe Roads Act			-	4,863	-
Total N.C. Administrative Office of the Courts			-	4,863	-
<u>N.C. Department of Environmental Quality</u>					
NCACS - Tech Assistant Funds			-	25,978	-
Waste Management Scrap Tire		DWM 2019	-	3,386	-
Electronics Management			-	4,571	-
NC Clean Water Management Trust Fund Grant			-	53,513	53,513
NC Clean Water Management Trust Fund Grant		2016-425	-	432,000	432,000
Total N.C. Department of Environmental Quality			-	519,448	485,513
<u>N.C. Department of Administration</u>					
Division of Veteran's Affairs					
Veteran's Service			-	2,216	-
Total N.C. Department of Administration			-	2,216	-

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		PSBCF	-	591,750	-
School Resource Officer Grant			-	161,532	-
Total N.C. Department of Public Instruction			-	753,282	-
Total State awards			-	4,431,305	1,360,747
Total Federal and State awards			\$ 6,379,536	\$ 4,640,909	\$ 1,640,643

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Surry County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Surry County, it is not intended to and does not present the financial position, changes in net position or cash flows of Surry County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified 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. Surry County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

- Subsidized Child Care
- Foster Care and Adoption

Note 4: Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State moneys. County personnel are involved with certain functions, primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 1,416,372	\$ -
Supplemental Nutrition Assistance Program	10.551	14,160,661	-
Temporary Assistance for Needy Families	93.558	277,541	-
Adoption Assistance	93.659	420,052	103,054
Foster Care - Title IV-E	93.658	189,346	60,776
Medical Assistance Program	93.778	78,878,455	41,032,897
Children's Health Insurance Program	93.767	2,335,497	-
Child Welfare Services Adoption	N/A	-	193,063
State / County Special Assistance Program	N/A	-	543,567
		<u>\$ 97,677,924</u>	<u>\$ 41,933,357</u>