

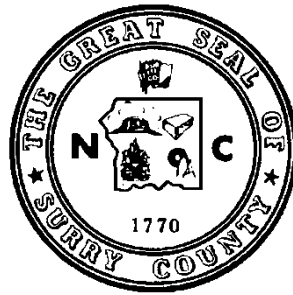
COUNTY OF SURRY, NORTH CAROLINA

Financial Statements

Fiscal Year Ended June 30, 2020

COUNTY OF SURRY, NORTH CAROLINA

FINANCIAL STATEMENTS



For the Fiscal Year Ended June 30, 2020

**Finance Officer
Rhonda Nixon**

SURRY COUNTY, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION



**COUNTY OF SURRY,
NORTH CAROLINA**

April 9, 2021

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, 2020.

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, 2020, 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, 2020, 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, 2019. 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 continuing its recovery from the massive manufacturing and private sector job losses over the past fifteen years. This economic downturn was primarily attributed to the textile, apparel, and furniture industries moving offshore. Although our community continues to work on replacing these lost jobs, we are regularly gaining new investment and employment is steadily growing. In March 2020, Surry County's unemployment rate was 4.3%, but due to the COVID-19 Pandemic, our rate rose to 6.7% in June 2020. Our Surry County average wage continues to increase from year to year. According to the Bureau of Labor Statistics, the average weekly wage for Surry County was \$753 as of March 2020.

The county continues to see positive growth in our local economy. Our balance of tourism, agriculture, small business growth, expanding industries, and new industries/businesses, continues to serve as the foundation of Surry County's economy. These economic sectors are important to the continued repair and growth of Surry County's former economy that was not well diversified. Surry County is no different than many other rural communities struggling with replacing job losses following the great recession. However, Surry County has continued to retain existing businesses, remained focused on education and continues to offer exciting opportunities for new and existing business and industry.

In late 2019 and early 2020, Surry County continued to experience positive economic development activity. Bottomley Enterprises completed a relocation of its operations from Alleghany County to an area outside of Mount Airy, adjacent to Interstate 77, and invested

approximately \$13 million and started creating 100 new jobs. The County completed a public sewer extension project to serve the Bottomley operation in May 2020. Wayne Farms started a significant expansion at its facility in Dobson which will create a new automated processing line and improvements to its existing onsite sewer treatment plant. In addition, Wayne Farms purchased approximately 125 acres adjacent to its hatchery and feed mill near Elkin to accommodate a future expansion of these facilities. A number of local industries, most notably American Sewing and Renfro Corporation, quickly pivoted at the onset of the COVID-19 pandemic to begin producing millions of pieces of PPE (Personal Protective Equipment) to assist in accommodating the national demand for these items. This quick pivot undoubtedly created and retained local jobs as the economy slowed. Ironically, in late-spring 2020, following the economic slowdown attributed to COVID-19, the County's Economic Development Partnership started receiving an increase in inquiries from existing business/industry and business/industry located outside the county requesting data and information about expanding in or relocating to Surry County. It is apparent that even during COVID-19, business and industry is planning for the economy that awaits us following the pandemic.

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 2019 is estimated at \$268,680,326, a decrease of just over \$6.2 million from 2018. Poultry and egg production remained the largest income-producing agricultural commodity with an estimated \$156,693,414 attributable to it. Income from all field crops remained relatively stable totaling \$27,376,700. 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) weighed in with an estimated 2019 income of \$64,807,150, a decrease of approximately \$6 million. Horticultural and forestry income accounted for \$19,803,063 of farm income, which is relatively flat. Much of the difference in income is due to increased production costs, depressed markets, and trade. This Farm Income represents an economic impact of approximately \$2.1 billion for the county. This represents approximately 19% of Surry County's economy and approximately 16% of county employment.

Current Programs and Long-Term Planning

Education: The Board of County Commissioners continues to make public education one of its highest priorities. During FY 2019-20, the Board appropriated \$1,210 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, and Crisis Intervention Program.

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 is Accredited with Honors due to our capacity to provide services that ensure the health of the Surry County residents. As the leading public health authority in the County, Surry County Health and Nutrition Center has led the response for the COVID-19 pandemic offering testing, case investigation, contact tracing, vaccines, and guidance and support for our community stakeholders. We are charged with providing high quality medical and preventative care through clinics, outreach programs, preparedness response, and regulatory authority.

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 2019-2020 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 COVID-19 pandemic safety measures for voters and recent ADA 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, 2020 was \$10,286,530 while total fund balance was \$43,847,560. Unassigned fund balance represents 13.3% of total General Fund expenditures consequently; the total fund balance represents 56.6% of expenditures.

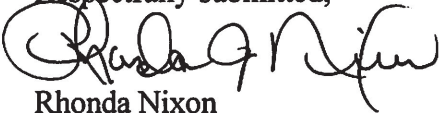
Major initiatives

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 near completion on a new corporate hangar. Construction for infrastructure for future expansion of the airport is currently underway.

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

Expansion of the Landfill and the construction of a new Scale House/Office building is nearly complete.

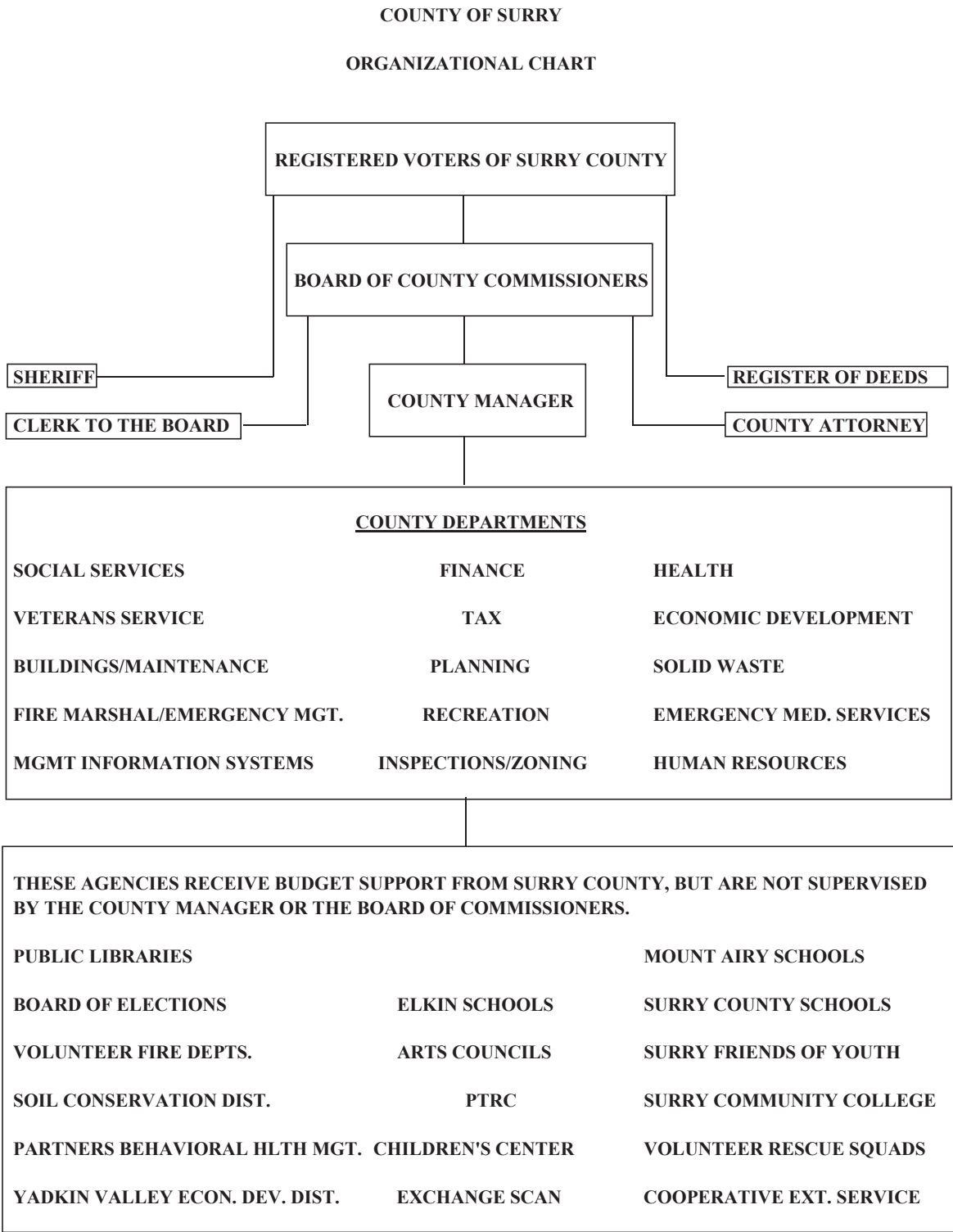
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rhonda Nixon", 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

Larry Johnson

Chairman

Mark Marion

Vice-Chairman

Eddie Harris

Van Tucker

Bill Goins

COUNTY STAFF

Chris M. Knopf

County Manager

Sandra Snow

Assistant County Manager

Rhonda Nixon

Finance Officer

Carolyn Comer

Register of Deeds

Steve Hiatt

Sheriff

Michella Huff

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



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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2020, 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 82, the Other Post-Employment Benefits Schedule of Changes in Total OPEB Liability and Related Ratios on page 83, the Local Government Employees' Retirement System Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 84-85, 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 86-87, 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 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 section has 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 April 9, 2021, 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
April 9, 2021

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, 2020. 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 \$87,945,868 (*net position*).
- The County’s total net position decreased by \$10,233,182 primarily attributable to decreased net position in the Schools Capital Project Fund.
- As of the close of the current fiscal year, Surry County’s governmental funds reported combined ending fund balance of \$54,807,921, after a net decrease of \$13,844,313 from the prior year, mainly due to expenditures from ongoing construction projects on 4 school campuses that were funded with approximately \$25,000,000 of limited obligations bonds. Approximately 51% of the governmental fund balance, or \$27,769,832, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the General Fund was \$33,746,147 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 \$4,726,751.
- The County holds the following bond ratings:

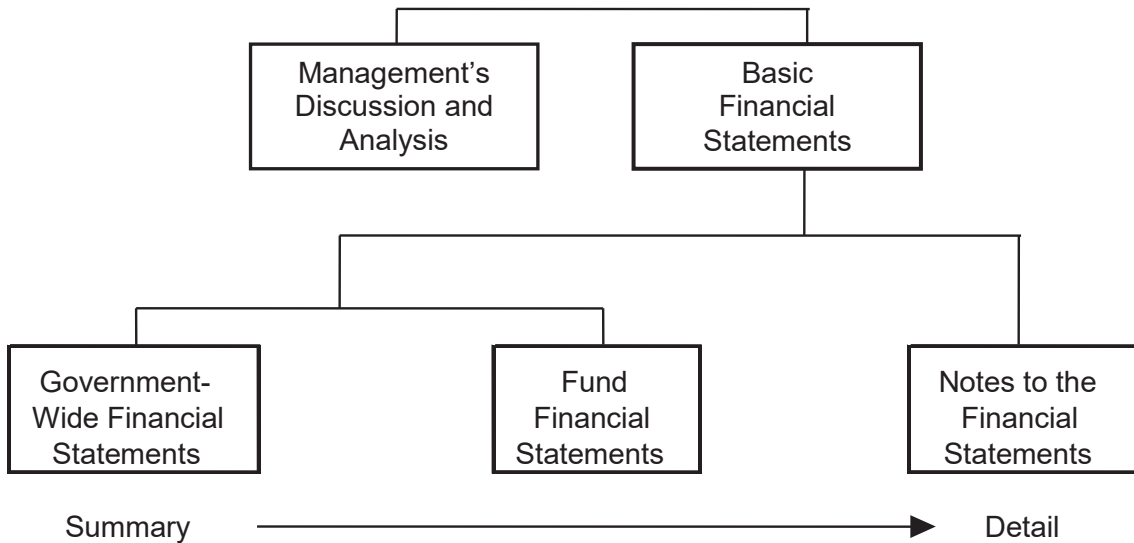
Moody’s	Aa2
Standard & Poor’s	AA-

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 \$87,945,868 at the close of the most recent fiscal year. The County's net position decreased by \$10,233,182 as of June 30, 2020.

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 20% 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			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 62,034,313	\$ 73,545,739	\$ 4,600,365	\$ 8,426,670	\$ 66,634,678	\$ 81,972,409
Capital assets, net	67,600,138	63,088,537	36,987,906	31,996,958	104,588,044	95,085,495
Construction in progress	<u>831,600</u>	<u>5,820,314</u>	<u>8,782,855</u>	<u>8,071,949</u>	<u>9,614,455</u>	<u>13,892,263</u>
Total assets	<u>130,466,051</u>	<u>142,454,590</u>	<u>50,371,126</u>	<u>48,495,577</u>	<u>180,837,177</u>	<u>190,950,167</u>
Total deferred outflows of resources	<u>6,455,623</u>	<u>6,907,933</u>	<u>184,273</u>	<u>138,961</u>	<u>6,639,896</u>	<u>7,046,894</u>
Long-term liabilities outstanding	69,173,675	73,037,188	12,803,163	13,360,538	81,976,838	86,397,726
Other liabilities	<u>13,094,147</u>	<u>9,306,549</u>	<u>2,315,629</u>	<u>1,945,631</u>	<u>15,409,776</u>	<u>11,252,180</u>
Total liabilities	<u>82,267,822</u>	<u>82,343,737</u>	<u>15,118,792</u>	<u>15,306,169</u>	<u>97,386,614</u>	<u>97,649,906</u>
Total deferred inflows of resources	<u>2,087,766</u>	<u>2,114,266</u>	<u>56,825</u>	<u>53,839</u>	<u>2,144,591</u>	<u>2,168,105</u>
Net Position:						
Net investment in capital assets	31,035,469	40,874,377	38,212,979	35,582,192	69,248,448	76,456,569
Restricted	17,776,239	16,835,965	-	-	17,776,239	16,835,965
Unrestricted	<u>3,754,378</u>	<u>7,194,178</u>	<u>(2,833,197)</u>	<u>(2,307,662)</u>	<u>921,181</u>	<u>4,886,516</u>
Total net position	<u>\$ 52,566,086</u>	<u>\$ 64,904,520</u>	<u>\$ 35,379,782</u>	<u>\$ 33,274,530</u>	<u>\$ 87,945,868</u>	<u>\$ 98,179,050</u>

From the previous year, Surry County's governmental activities net position decreased by \$12,338,434. The County continued construction on four school capital projects which decreased current assets (bond proceeds) by approximately \$13,000,000. During the year, the County received \$1,551,629 in Cares Act funding. The unspent balance of these funds is report as a liability on the Statement of Net Position.

Net position for business-type activities increased by \$2,105,252. Capital assets increased for the airport due to ongoing construction projects with the majority funded by aviation grants. The landfill has substantially completed construction on Phase IV Expansion which includes cell expansion and a new scale house. New installment debt of \$6,690,000 was attained in last fiscal year to fund the expansion project for the landfill.

Surry County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 9,637,668	\$ 10,816,943	\$ 3,809,753	\$ 3,653,860	\$ 13,447,421	\$ 14,470,803
Operating grants and contributions	11,315,553	10,515,883	316,822	141,122	11,632,375	10,657,005
Capital grants and contributions	490,685	1,599,620	3,745,895	1,133,653	4,236,580	2,733,273
General revenues:						
Property taxes	41,904,109	41,197,300	-	-	41,904,109	41,197,300
Local option sales tax	20,238,654	19,165,264	-	-	20,238,654	19,165,264
Grants and contributions, not restricted to specific programs	1,213,868	1,301,035	-	-	1,213,868	1,301,035
Other	1,210,871	1,599,814	72,793	87,122	1,283,664	1,686,936
Total revenues	86,011,408	86,195,859	7,945,263	5,015,757	93,956,671	91,211,616
Expenses:						
General government	11,587,740	11,280,638	-	-	11,587,740	11,280,638
Public safety	27,656,304	25,013,591	-	-	27,656,304	25,013,591
Economic and physical development	1,721,488	2,533,418	-	-	1,721,488	2,533,418
Human services	17,965,001	17,022,928	-	-	17,965,001	17,022,928
Cultural and recreational	1,334,381	1,340,292	-	-	1,334,381	1,340,292
Education	36,512,024	21,623,543	-	-	36,512,024	21,623,543
Interest and fees	1,774,096	1,334,003	367,387	221,509	2,141,483	1,555,512
Landfill operations	-	-	3,913,973	3,485,798	3,913,973	3,485,798
Water and sewer	-	-	253,135	456,136	253,135	456,136
Airport operations	-	-	986,250	647,073	986,250	647,073
Total expenses	98,551,034	80,148,413	5,520,745	4,810,516	104,071,779	84,958,929
Change in net position before special item and transfers	(12,539,626)	6,047,446	2,424,518	205,241	(10,115,108)	6,252,687
Special item	549,137	(2,018,167)	(667,211)	-	(118,074)	(2,018,167)
Transfers	(347,945)	(358,623)	347,945	358,623	-	-
Change in net position	(12,338,434)	3,670,656	2,105,252	563,864	(10,233,182)	4,234,520
Net position, beginning	64,904,520	61,233,864	33,274,530	32,710,666	98,179,050	93,944,530
Net position, ending	<u>\$ 52,566,086</u>	<u>\$ 64,904,520</u>	<u>\$ 35,379,782</u>	<u>\$ 33,274,530</u>	<u>\$ 87,945,868</u>	<u>\$ 98,179,050</u>

Governmental Activities. Of total net position, governmental activities accounted for \$52,566,086 (60%). Operating grants and contributions (\$11,315,553) and local option sales taxes (\$20,238,654) funded a combined \$31,554,207 (37%) of the County's governmental activity revenues. Only property taxes (\$41,904,109) provided a higher source of revenue (49%). Charges for services funded \$9,637,668 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 maintaining a collection percentage of 98.94%.
- Local option sales tax increased from the prior year by \$1,073,390.
- Operating grants and contributions increased by \$799,670 from the prior year.

Business-Type Activities. Business-type activities increased Surry County's net position by \$2,105,252. 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:

- Continued capital improvements in the airport fund with the completion of a corporate hangar and infrastructure for further corporate development projects.
- Rate increases in the water/sewer funds and landfill fees 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 \$33,746,147, while total fund balance reached \$43,847,560. The County currently has an available fund balance of 43% of General Fund expenditures, while total fund balance represents 55% 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 \$10,286,530, which is 13.0% of yearly expenditures.

As of the end of the current fiscal year, Surry County's governmental funds reported combined ending fund balances of \$54,807,921, a 26% decrease (\$14,192,258) over last

year. The primary reason for this decrease is the fund balance in the School Capital Project Fund.

Key factors in this decrease are as follows:

- Reduction in capital project funds as several projects are at or near completion.
- Decrease in special revenues fund balance.

Other governmental funds include special revenue and capital project funds. These funds reflected a combined fund balance of \$10,960,361 at June 30, 2020. This amount decreased \$14,884,572 as compared to the previous year. The decrease is primarily attributable to the proceeds that have been spent 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 \$5,771,720 and increased budgeted fund balance by \$1,711,329.

The majority of the amendments were attributable to restricted intergovernmental revenue. 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:

- \$1,551,599 funding from CARES Act.
- \$3,000,000 in additional grant funding for stream restoration.
- \$690,767 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 \$1,742,463. Of this total, \$5,637,326 was the net investment in capital assets; therefore, the fund had a deficit of (\$3,894,863) in unrestricted net position. The Flat Rock/Bannertown Water and Sewer District Fund had net position at the end of the year of \$2,528,451. Of this total, \$2,461,862 was the net investment in capital assets; therefore, the fund had \$66,589 in unrestricted net position. The Interstates Water and Sewer District had net position at the end of the year of \$6,479,382. Of this total, \$6,017,744 was the net investment in capital assets and the

fund had \$461,638 in unrestricted net position. The Mount Airy/Surry County Airport Authority Fund had net position at the end of the year of \$24,610,400. Of this total, 24,096,047 was the net investment in capital assets and the fund had \$514,353 in unrestricted net position. The Elkin Area Water and Sewer Fund had net position of \$19,086, which was all 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, 2020, amounts to \$114,202,499 (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 5% (a 1% decrease for governmental activities and an 14% increase for business-type activities).

Major capital asset transactions during the year include:

Business-Type Activities:

- The landfill completing new construction that increased assets by \$3,862,725.
- The Mount Airy/Surry County Airport Authority had construction during the year with the completion of a corporate hangar, \$826,037 and ongoing infrastructure for Phase II corporate development in the amount of \$3,486,797.
- Net capital assets increased by \$5,701,854.

Governmental Activities:

- Preliminary work for the construction of a new law enforcement center/jail began this year that increased capital assets by \$831,600.
- A payoff of a school-related debt resulted in deeding school buildings and land back to the school system. This resulted in a decrease of net capital assets of \$2,809,982.

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

Figure 4

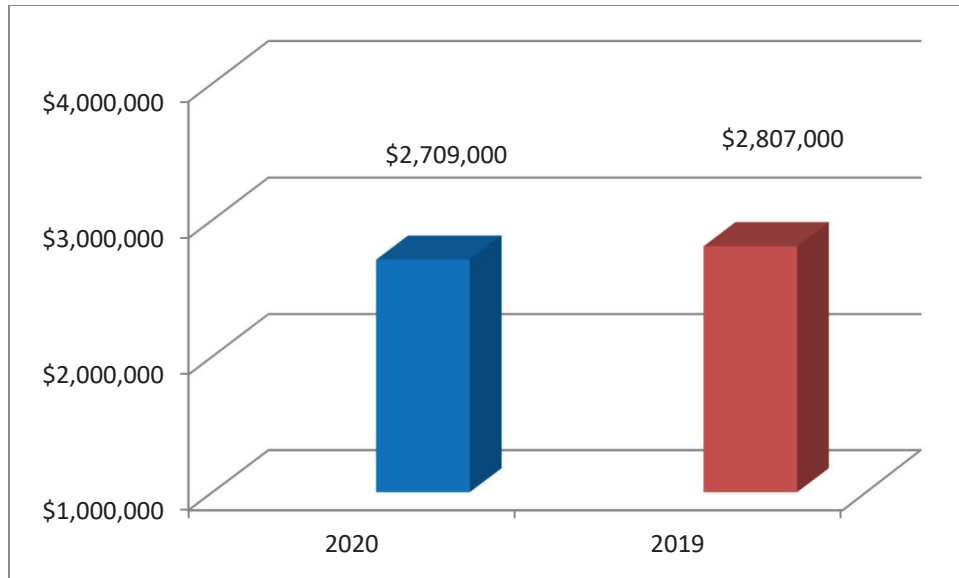
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 6,699,034	\$ 6,596,074	\$ 5,805,259	\$ 5,805,259	\$ 12,504,293	\$ 12,401,333
Buildings and improvements	58,001,796	53,207,704	13,467,914	13,474,129	71,469,710	66,681,833
Furniture and equipment	1,249,511	1,463,525	79,015	1,147,431	1,328,526	2,610,956
Vehicles	1,649,797	1,821,234	1,365,407	479,843	3,015,204	2,301,077
Construction in progress	831,600	5,820,314	14,495,235	8,071,949	15,326,835	13,892,263
Plant and distribution	-	-	10,557,931	11,090,296	10,557,931	11,090,296
Total	<u>\$ 68,431,738</u>	<u>\$ 68,908,851</u>	<u>\$ 45,770,761</u>	<u>\$ 40,068,907</u>	<u>\$ 114,202,499</u>	<u>\$ 108,977,758</u>

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 \$2,709,000, which includes \$2,159,000 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 550,000	\$ 605,000	\$ 2,159,000	\$ 2,202,000	\$ 2,709,000	\$ 2,807,000
Limited obligation bonds	29,240,000	29,625,000	-	-	29,240,000	29,625,000
Installment purchases	16,584,850	\$20,048,020	6,124,096	6,690,000	22,708,946	26,738,020
Capital leases	<u>63,861</u>	<u>124,770</u>	<u>1,002,244</u>	<u>1,199,012</u>	<u>1,066,105</u>	<u>1,323,782</u>
	<u>\$46,438,711</u>	<u>\$50,402,790</u>	<u>\$ 9,285,340</u>	<u>\$10,091,012</u>	<u>\$55,724,051</u>	<u>\$60,493,802</u>



This outstanding general obligation indebtedness is out of a legal debt limit of approximately \$497,755,000. 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 approximately \$442,031,000. The ratio of debt service expenditures to total governmental expenditures is 6.12%.

The County's general obligation debt per capita is \$37 as of June 30, 2020, while the County's gross debt per capita is \$758 due to \$53,015,051 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 \$4,769,751 (7.9%) during the current fiscal year. The County payments on installment financing reduced the outstanding balance by \$4,671,751. General obligation bond payments reduced the outstanding balance by \$98,000.

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 2020 was 6.1%, which is an increase of 56% compared to last year's rate of 3.9%. As a comparison, the State's unadjusted current unemployment rate is 6.9%. This increase is primarily due to the effects of COVID-19.
- Altec Capital Trust is the largest taxpayer in the County with 4.49% of total taxable assessed value. Duke Energy Corporation is second with 1.75%.
- Inflationary trends in the region compare likewise to national indices.
- Population of 73,489 has decreased .4% from 2010 to 2020.

All of these factors were considered in preparing Surry County's budget for Fiscal Year 2020-2021.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2020-2021

Governmental Activities. Surry County has budgeted approximately 2% increase in the property tax base as compared to the previous year. With the adoption of the FY 2020-2021 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 \$97,073,632, which represents a .8% decrease (\$800,861) as compared to last year. For the new fiscal year, many functional areas kept to low or reduced from the previous year for operations because of the unknown effects of the pandemic. Funding for economic development decreased compared to prior year amounts. Education funding overall decreased \$76,409. The current expense and special capital outlay requests were decreased by \$1,059,895, the school debt service increased \$983,486 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 \$4,730,045, which represents a .51% decrease (\$24,184) as compared to last year. There was a slight increase in landfill operations and a decrease to airport operations. The County has also budgeted \$267,749 for the Flat Rock/Bannertown Water and Sewer District.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Surry County Tourism Development Authority
Assets:				
Current assets:				
Cash and investments	\$ 32,618,059	\$ 2,172,967	\$ 34,791,026	\$ 107,796
Taxes receivable, net	1,158,074	230,948	1,389,022	-
Accounts receivable, net	1,372,872	369,662	1,742,534	9,826
Due from other governments	5,768,810	611,419	6,380,229	-
Notes receivable	73,448	-	73,448	-
Inventories	3,537	-	3,537	-
Prepaid items	25,885	-	25,885	-
Internal balances	516,939	(516,939)	-	-
Restricted assets:				
Cash and investments	18,267,804	1,732,308	20,000,112	-
Total current assets	59,805,428	4,600,365	64,405,793	117,622
Non-current assets:				
Notes receivable	2,104,372	-	2,104,372	-
Net pension asset	124,513	-	124,513	-
Capital assets:				
Land and other non-depreciable assets	7,530,634	20,300,494	27,831,128	-
Other capital assets, net of depreciation	60,901,104	25,470,267	86,371,371	-
Capital assets, net	68,431,738	45,770,761	114,202,499	-
Total non-current assets	70,660,623	45,770,761	116,431,384	-
Total assets	130,466,051	50,371,126	180,837,177	117,622
Deferred Outflows of Resources	6,455,623	184,273	6,639,896	-
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,251,243	1,088,328	2,339,571	14,334
Accrued interest payable	109,040	63,017	172,057	-
Other liabilities	-	-	-	-
Due within one year	7,118,489	1,159,534	8,278,023	-
Payable from restricted assets:				
Advances from grantors and other	2,607,386	4,750	2,612,136	-
Accounts payable	2,007,989	-	2,007,989	-
Total current liabilities	13,094,147	2,315,629	15,409,776	14,334

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Surry County Tourism Development Authority
Long-term liabilities:				
Net pension liability (LGERS)	9,500,883	293,842	9,794,725	-
Total pension liability (LEOSSA)	2,218,405	-	2,218,405	-
Total OPEB liability	12,494,145	386,417	12,880,562	-
Due in more than one year	44,960,242	12,122,904	57,083,146	-
Total long-term liabilities	69,173,675	12,803,163	81,976,838	-
 Total liabilities	82,267,822	15,118,792	97,386,614	14,334
 Deferred Inflows of Resources	2,087,766	56,825	2,144,591	-
 Net Position:				
Net investment in capital assets	31,035,469	38,212,979	69,248,448	-
Restricted for:				
Stabilization for State statute	7,993,959	-	7,993,959	9,826
Education	1,092,572	-	1,092,572	-
Debt service	2,975,519	-	2,975,519	-
Public safety	128,143	-	128,143	-
Register of Deeds	149,835	-	149,835	-
Register of Deeds' pension plan	136,179	-	136,179	-
Health	1,164,181	-	1,164,181	-
Economic development	4,135,851	-	4,135,851	-
Unrestricted (deficit)	3,754,378	(2,833,197)	921,181	93,462
 Total net position	\$ 52,566,086	\$ 35,379,782	\$ 87,945,868	\$ 103,288

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

SURRY COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Surry County Tourism Development Authority
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:								
Primary Government:								
Governmental Activities:								
General government	\$ 11,587,740	\$ 799,654	\$ -	\$ -	\$ (10,788,086)	\$ -	\$ (10,788,086)	
Public safety	27,656,304	5,596,654	1,949,699	-	(20,109,951)	-	(20,109,951)	
Economic and physical development	1,721,488	6,491	641,811	105,000	(968,186)	-	(968,186)	
Human services	17,965,001	3,225,897	8,713,706	-	(6,025,398)	-	(6,025,398)	
Cultural and recreation	1,334,381	8,972	10,337	-	(1,315,072)	-	(1,315,072)	
Education	36,512,024	-	-	385,685	(36,126,339)	-	(36,126,339)	
Interest and fees	1,774,096	-	-	-	(1,774,096)	-	(1,774,096)	
Total governmental activities	98,551,034	9,637,668	11,315,553	490,685	(77,107,128)	-	(77,107,128)	
Business-Type Activities:								
Landfill	3,913,973	3,325,061	115,882	-	-	(473,030)	(473,030)	
Water and sewer	620,522	338,227	200,940	-	-	(81,355)	(81,355)	
Airport	986,250	146,465	-	3,745,895	-	2,906,110	2,906,110	
Total business-type activities	5,520,745	3,809,753	316,822	3,745,895	-	2,351,725	2,351,725	
Total primary government	\$ 104,071,779	\$ 13,447,421	\$ 11,632,375	\$ 4,236,580	(77,107,128)	2,351,725	(74,755,403)	
Component Unit:								
Tourism Development Authority	\$ 130,445	\$ -	\$ -	\$ -			\$ (130,445)	
General Revenues:								
Ad valorem taxes					41,904,109	-	41,904,109	-
Local option sales tax					20,238,654	-	20,238,654	-
Grants and contributions not restricted to specific programs					1,213,868	-	1,213,868	-
Occupancy tax					-	-	-	94,020
Investment earnings, unrestricted					874,370	62,793	937,163	-
Loss on disposal of capital assets					(173,538)	-	(173,538)	-
Miscellaneous, unrestricted					510,039	10,000	520,039	-
Total general revenues, excluding transfers and special items					64,567,502	72,793	64,640,295	94,020
Transfers					(347,945)	347,945	-	-
Special items (Note 13)					549,137	(667,211)	(118,074)	-
Total general revenues, transfers, and special item					64,768,694	(246,473)	64,522,221	94,020
Change in net position					(12,338,434)	2,105,252	(10,233,182)	(36,425)
Net position, beginning of year:								
As originally reported					70,805,218	33,274,530	104,079,748	139,713
Restatement/prior period adjustment (Note 15)					(5,900,698)	-	(5,900,698)	-
Net position, beginning of year					64,904,520	33,274,530	98,179,050	139,713
Net position, end of year					\$ 52,566,086	\$ 35,379,782	\$ 87,945,868	\$ 103,288

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, 2020

	Major			Nonmajor	
	General	Schools Capital Project Fund	County Buildings Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 31,558,682	\$ -	\$ 828,399	\$ 230,978	\$ 32,618,059
Taxes receivable, net	870,739	-	-	120,335	991,074
Accounts receivable, net	1,372,872	-	-	-	1,372,872
Due from other governments	5,669,022	-	-	99,788	5,768,810
Notes receivable	2,177,820	-	-	-	2,177,820
Inventory	3,537	-	-	-	3,537
Prepays	25,885	-	-	-	25,885
Due from other funds	852,277	-	-	-	852,277
Restricted cash	6,031,627	12,236,177	-	-	18,267,804
Total assets	<u>\$ 48,562,461</u>	<u>\$ 12,236,177</u>	<u>\$ 828,399</u>	<u>\$ 451,101</u>	<u>\$ 62,078,138</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,159,589	\$ -	\$ -	\$ 91,654	\$ 1,251,243
Due to other funds	-	335,338	-	-	335,338
Payable from restricted assets:					
Advances from grantors	2,607,386	-	-	-	2,607,386
Accounts payable	-	1,800,489	207,500	-	2,007,989
Total liabilities	<u>3,766,975</u>	<u>2,135,827</u>	<u>207,500</u>	<u>91,654</u>	<u>6,201,956</u>
Deferred Inflows of Resources	<u>947,926</u>	<u>-</u>	<u>-</u>	<u>120,335</u>	<u>1,068,261</u>
Fund Balances:					
Non-spendable:					
Inventories	3,537	-	-	-	3,537
Prepaid items	25,885	-	-	-	25,885
Notes receivable	2,177,820	-	-	-	2,177,820
Restricted for:					
Stabilization by State statute	7,894,171	-	-	99,788	7,993,959
Restricted, all other	7,340,138	10,100,350	-	128,143	17,568,631
Committed	7,375,844	-	-	-	7,375,844
Assigned	8,743,635	-	620,899	-	9,364,534
Unassigned (deficit)	10,286,530	-	-	11,181	10,297,711
Total fund balances	<u>43,847,560</u>	<u>10,100,350</u>	<u>620,899</u>	<u>239,112</u>	<u>54,807,921</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 48,562,461</u>	<u>\$ 12,236,177</u>	<u>\$ 828,399</u>	<u>\$ 451,101</u>	<u>\$ 62,078,138</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, 2020**

Total fund balances of governmental funds	\$ 54,807,921
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.	68,431,738
Ad valorem taxes receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	991,145
Accrual of interest revenue on delinquent taxes does not represent current financial resources and, therefore, is not reported in the funds.	167,000
The net pension asset (ROD) is not an available resource and, therefore, is not reported in the funds.	124,513
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)	2,213,240
Benefit payments and admin costs (LEOSSA)	75,558
OPEB benefits and admin costs	323,484
Pension and OPEB related deferred outflows and inflows of resources are not financial resources or obligations and, therefore, are not reported in the funds.	1,832,691
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	(49,632,446)
Accrued interest on long-term debt	(109,040)
Net pension liability (LGERS)	(9,500,883)
Compensated absences	(2,446,285)
Total OPEB liability	(12,494,145)
Total pension liability (LEOSSA)	<u>(2,218,405)</u>
Net position of governmental activities	\$ <u>52,566,086</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, 2020

	<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>
Revenues:					
Ad valorem taxes	\$ 36,337,527	\$ -	\$ -	\$ 5,372,323	\$ 41,709,850
Local option sales taxes	20,238,654	-	-	-	20,238,654
Unrestricted intergovernmental revenues	1,213,868	-	-	-	1,213,868
Restricted intergovernmental revenues	11,134,601	-	-	671,641	11,806,242
Permits and fees	989,988	-	-	-	989,988
Sales, services, and rents	8,647,677	-	-	-	8,647,677
Investment earnings	873,663	-	-	707	874,370
Miscellaneous	510,039	-	-	-	510,039
Total revenues	<u>79,946,017</u>	<u>-</u>	<u>-</u>	<u>6,044,671</u>	<u>85,990,688</u>
Expenditures:					
General government	10,264,455	-	-	-	10,264,455
Public safety	22,321,079	-	-	4,070,483	26,391,562
Economic and physical development	1,646,996	-	-	138,058	1,785,054
Human services	17,286,386	-	-	-	17,286,386
Cultural and recreation	1,226,147	-	-	-	1,226,147
Education	18,575,058	-	-	2,034,128	20,609,186
Debt service:					
Principal repayments	3,964,079	-	-	-	3,964,079
Interest	2,146,145	-	-	-	2,146,145
Capital outlay	-	15,330,387	831,600	-	16,161,987
Total expenditures	<u>77,430,345</u>	<u>15,330,387</u>	<u>831,600</u>	<u>6,242,669</u>	<u>99,835,001</u>
Revenues over (under) expenditures	<u>2,515,672</u>	<u>(15,330,387)</u>	<u>(831,600)</u>	<u>(197,998)</u>	<u>(13,844,313)</u>
Other Financing Sources (Uses):					
Transfers in	-	1,519,609	1,452,500	7,033	2,979,142
Transfers out	(1,823,358)	-	(1,503,729)	-	(3,327,087)
Total other financing sources (uses)	<u>(1,823,358)</u>	<u>1,519,609</u>	<u>(51,229)</u>	<u>7,033</u>	<u>(347,945)</u>
Net change in fund balances	692,314	(13,810,778)	(882,829)	(190,965)	(14,192,258)
Fund balances, beginning of year	<u>43,155,246</u>	<u>23,911,128</u>	<u>1,503,728</u>	<u>430,077</u>	<u>69,000,179</u>
Fund balances, end of year	<u>\$ 43,847,560</u>	<u>\$ 10,100,350</u>	<u>\$ 620,899</u>	<u>\$ 239,112</u>	<u>\$ 54,807,921</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, 2020

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)	\$ (14,192,258)
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.	2,198,442
Depreciation expense allocates the costs of capital assets over their useful lives. It is reported as an expenditure in the governmental funds statement.	(3,051,154)
Book value of capital assets disposed of, not recognized in the funds.	(173,538)
Donated assets	549,137
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	194,259
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)	2,213,240
Benefit payments and admin costs (LEOSSA)	75,558
OPEB benefits and admin costs	323,484
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	23,826
Governmental funds report the effect of premiums when new debt is issued. However, in the Statement of Activities, these amounts are deferred and amortized.	
Amortization of premium	348,223
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.	3,964,079
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)	(11,691)
Pension expense (LGERS)	(4,175,402)
Compensated absences	(160,939)
OPEB expense	(336,499)
Pension expense (LEOSSA)	<u>(127,201)</u>
Change in net position of governmental activities (Exhibit 2)	<u><u>\$ (12,338,434)</u></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, 2020

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 35,481,815	\$ 35,481,815	\$ 36,337,527	\$ 855,712
Local option sales taxes	13,987,400	13,987,400	16,362,975	2,375,575
Unrestricted intergovernmental revenues	511,500	511,500	544,275	32,775
Restricted intergovernmental revenues	10,567,701	16,248,990	10,748,916	(5,500,074)
Permits and fees	821,100	821,100	989,988	168,888
Sales and services	8,319,457	8,357,844	8,647,677	289,833
Investment earnings	415,256	415,256	559,492	144,236
Miscellaneous	291,600	343,644	510,039	166,395
Total revenues	<u>70,395,829</u>	<u>76,167,549</u>	<u>74,700,889</u>	<u>(1,466,660)</u>
Expenditures:				
General government	12,054,874	11,793,973	9,982,355	1,811,618
Public safety	22,307,544	24,244,940	22,321,079	1,923,861
Economic and physical development	2,274,258	5,732,968	1,646,996	4,085,972
Human services	18,514,089	19,306,389	17,286,386	2,020,003
Cultural and recreation	1,312,366	1,404,710	1,226,147	178,563
Education	15,895,760	15,895,760	15,801,250	94,510
Debt service:				
Principal retirement	4,163,503	4,163,503	3,964,079	199,424
Interest and fees	<u>2,139,718</u>	<u>2,139,718</u>	<u>2,146,145</u>	<u>(6,427)</u>
Total expenditures	<u>78,662,112</u>	<u>84,681,961</u>	<u>74,374,437</u>	<u>10,307,524</u>
Revenues over (under) expenditures	<u>(8,266,283)</u>	<u>(8,514,412)</u>	<u>326,452</u>	<u>8,840,864</u>
Other Financing Sources (Uses):				
Transfers in	6,236,266	6,236,266	6,236,266	-
Transfers out	(5,338,304)	(6,801,504)	(6,804,504)	(3,000)
Appropriated fund balance	<u>7,368,321</u>	<u>9,079,650</u>	<u>-</u>	<u>(9,079,650)</u>
Total other financing sources (uses)	<u>8,266,283</u>	<u>8,514,412</u>	<u>(568,238)</u>	<u>(9,082,650)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(241,786)</u>	<u>\$ (241,786)</u>
Fund balance, beginning of year			<u>35,620,930</u>	
Fund balance, end of year			35,379,144	
Legally budgeted funds consolidated into the General Fund for reporting purposes (Note 1)			<u>8,468,416</u>	
Fund balance, end of year (Exhibit 4)			<u>\$ 43,847,560</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, 2020

	Major		
	Landfill Fund	Flatrock/ Bannertown Water and Sewer District Fund	Interstates Water and Sewer District Fund
Assets:			
Current assets:			
Cash and cash equivalents	\$ 780,496	\$ 549,447	\$ 261,870
Taxes receivable	230,948	-	-
Accounts receivable, net	121,758	32,712	199,768
Due from other governments	-	8,657	-
Restricted cash	1,727,558	-	-
Total current assets	<u>2,860,760</u>	<u>590,816</u>	<u>461,638</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	7,453,194	20,000	60,675
Other capital assets, net of depreciation	3,582,914	4,600,862	5,957,069
Total non-current assets	<u>11,036,108</u>	<u>4,620,862</u>	<u>6,017,744</u>
Total assets	<u>13,896,868</u>	<u>5,211,678</u>	<u>6,479,382</u>
Deferred Outflows of Resources	<u>184,273</u>	<u>-</u>	<u>-</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	478,156	7,288	-
Due to other funds	-	516,939	-
Payable from restricted assets - rental deposits	-	-	-
Landfill closure and post-closure care costs, current	232,000	-	-
Current portion of long-term obligations	882,534	45,000	-
Total current liabilities	<u>1,592,690</u>	<u>569,227</u>	<u>-</u>
Non-current liabilities:			
Landfill closure and post-closure care costs	3,693,234	-	-
Net pension liability (LGBERS)	293,842	-	-
OPEB Liability	386,417	-	-
Long-term obligations	6,315,670	2,114,000	-
Total non-current liabilities	<u>10,689,163</u>	<u>2,114,000</u>	<u>-</u>
Total liabilities	<u>12,281,853</u>	<u>2,683,227</u>	<u>-</u>
Deferred Inflows of Resources	<u>56,825</u>	<u>-</u>	<u>-</u>
Net Position:			
Net investment in capital assets	5,637,326	2,461,862	6,017,744
Unrestricted (deficit)	<u>(3,894,863)</u>	<u>66,589</u>	<u>461,638</u>
Total net position	<u>\$ 1,742,463</u>	<u>\$ 2,528,451</u>	<u>\$ 6,479,382</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, 2020

	<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	\$ 573,384	\$ 7,770	\$ 2,172,967
Taxes receivable	-	-	230,948
Accounts receivable, net	4,108	11,316	369,662
Due from other governments	602,762	-	611,419
Restricted cash	4,750	-	1,732,308
Total current assets	<u>1,185,004</u>	<u>19,086</u>	<u>5,117,304</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	12,766,625	-	20,300,494
Other capital assets, net of depreciation	11,329,422	-	25,470,267
Total non-current assets	<u>24,096,047</u>	<u>-</u>	<u>45,770,761</u>
Total assets	<u>25,281,051</u>	<u>19,086</u>	<u>50,888,065</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>184,273</u>
Liabilities, Deferred Inflows of Resources, and Net Position:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	665,901	-	1,151,345
Due to other funds	-	-	516,939
Payable from restricted assets - rental deposits	4,750	-	4,750
Landfill closure and post-closure care costs, current	-	-	232,000
Current portion of long-term obligations	-	-	927,534
Total current liabilities	<u>670,651</u>	<u>-</u>	<u>2,832,568</u>
Non-current liabilities:			
Landfill closure and post-closure care costs	-	-	3,693,234
Net pension liability (LGRS)	-	-	293,842
OPEB Liability	-	-	386,417
Long-term obligations	-	-	8,429,670
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>12,803,163</u>
Total liabilities	<u>670,651</u>	<u>-</u>	<u>15,635,731</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>56,825</u>
Net Position:			
Net investment in capital assets	24,096,047	-	38,212,979
Unrestricted (deficit)	514,353	19,086	(2,833,197)
Total net position	<u>\$ 24,610,400</u>	<u>\$ 19,086</u>	<u>\$ 35,379,782</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, 2020

	Major		
	Landfill Fund	Flatrock/ Bannertown Water and Sewer District Fund	Interstates Water and Sewer District Fund
Operating Revenues:			
Charges for services	\$ 1,559,993	\$ 239,611	\$ -
Local contribution	-	-	200,940
Landfill fees	1,689,915	-	-
White goods and scrap tire	115,882	-	-
Other operating revenues	75,153	-	-
Total operating revenues	<u>3,440,943</u>	<u>239,611</u>	<u>200,940</u>
Operating Expenses:			
Landfill recycling	891,614	-	-
Sanitation	1,641,482	-	-
Water and sewer	-	124,131	-
Airport	-	-	-
Depreciation	885,537	164,316	144,771
Landfill closure and post-closure costs	221,394	-	-
Total operating expenses	<u>3,640,027</u>	<u>288,447</u>	<u>144,771</u>
Operating income (loss)	<u>(199,084)</u>	<u>(48,836)</u>	<u>56,169</u>
Non-Operating Revenues (Expenses):			
Investment earnings	56,622	6,171	-
Contribution to Town of Elkin	-	-	-
Other revenues	10,000	-	-
Interest and fees paid	(273,946)	(93,441)	-
Total non-operating revenues (expenses)	<u>(207,324)</u>	<u>(87,270)</u>	<u>-</u>
Income (loss) before contributions and transfers	(406,408)	(136,106)	56,169
Transfer from General Fund	-	32,583	-
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(406,408)	(103,523)	56,169
Net position, beginning of year	<u>2,148,871</u>	<u>2,631,974</u>	<u>6,423,213</u>
Net position, end of year	<u><u>\$ 1,742,463</u></u>	<u><u>\$ 2,528,451</u></u>	<u><u>\$ 6,479,382</u></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, 2020

	<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>
Operating Revenues:			
Charges for services	\$ 146,465	\$ 98,616	\$ 2,044,685
Local contribution	-	-	200,940
Landfill fees	-	-	1,689,915
White goods and scrap tire	-	-	115,882
Other operating revenues	-	-	75,153
Total operating revenues	<u>146,465</u>	<u>98,616</u>	<u>4,126,575</u>
Operating Expenses:			
Landfill recycling	-	-	891,614
Sanitation	-	-	1,641,482
Water and sewer	-	82,039	206,170
Airport	495,410	-	495,410
Depreciation	490,840	11,824	1,697,288
Landfill closure and post-closure costs	-	-	221,394
Total operating expenses	<u>986,250</u>	<u>93,863</u>	<u>5,153,358</u>
Operating income (loss)	<u>(839,785)</u>	<u>4,753</u>	<u>(1,026,783)</u>
Non-Operating Revenues (Expenses):			
Investment earnings	-	-	62,793
Contribution to Town of Elkin	-	(667,211)	(667,211)
Other revenues	-	-	10,000
Interest and fees paid	-	-	(367,387)
Total non-operating revenues (expenses)	<u>-</u>	<u>(667,211)</u>	<u>(961,805)</u>
Income (loss) before contributions and transfers	(839,785)	(662,458)	(1,988,588)
Transfer from General Fund	315,362	-	347,945
Capital contributions	<u>3,745,895</u>	<u>-</u>	<u>3,745,895</u>
Change in net position	3,221,472	(662,458)	2,105,252
Net position, beginning of year	<u>21,388,928</u>	<u>681,544</u>	<u>33,274,530</u>
Net position, end of year	<u>\$ 24,610,400</u>	<u>\$ 19,086</u>	<u>\$ 35,379,782</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, 2020

	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	\$ 3,376,722	\$ 236,000	\$ -
Cash received for other operating revenues	-	-	1,172
Cash paid for goods and services	(1,406,553)	(124,131)	-
Cash paid to employees for services	(1,121,669)	-	-
Net cash provided (used) by operating activities	<u>848,500</u>	<u>111,869</u>	<u>1,172</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund transfer in	-	32,583	-
Advances (to) from other funds	-	108,397	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>140,980</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(4,162,777)	-	(455,755)
Capital contributions	10,000	-	-
Principal paid on bonds and notes payable	(762,672)	(43,000)	-
Interest on long-term debt	(273,946)	(93,586)	-
Net cash provided (used) by capital and related financing activities	<u>(5,189,395)</u>	<u>(136,586)</u>	<u>(455,755)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>56,622</u>	<u>6,171</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(4,284,273)	122,434	(454,583)
Cash and cash equivalents, beginning of year	<u>6,792,327</u>	<u>427,013</u>	<u>716,453</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,508,054</u></u>	<u><u>\$ 549,447</u></u>	<u><u>\$ 261,870</u></u>
Reconciliation of Cash Balances:			
Cash and cash equivalents	\$ 780,496	\$ 549,447	\$ 261,870
Restricted cash	<u>1,727,558</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u><u>\$ 2,508,054</u></u>	<u><u>\$ 549,447</u></u>	<u><u>\$ 261,870</u></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, 2020

	<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	\$ 137,593	\$ 99,212	\$ 3,849,527
Cash received for other operating revenues	-	-	1,172
Cash paid for goods and services	(420,106)	(81,356)	(2,032,146)
Cash paid to employees for services	(75,304)	-	(1,196,973)
Net cash provided (used) by operating activities	<u>(357,817)</u>	<u>17,856</u>	<u>621,580</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund transfer in	315,362	-	347,945
Advances (to) from other funds	-	(10,086)	98,311
Net cash provided (used) by non-capital financing activities	<u>315,362</u>	<u>(10,086)</u>	<u>446,256</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(3,082,488)	-	(7,701,020)
Capital contributions	3,697,777	-	3,707,777
Principal paid on bonds and notes payable	-	-	(805,672)
Interest on long-term debt	-	-	(367,532)
Net cash provided (used) by capital and related financing activities	<u>615,289</u>	<u>-</u>	<u>(5,166,447)</u>
Cash Flows from Investing Activities:			
Interest on investments	-	-	62,793
Net increase (decrease) in cash and cash equivalents	572,834	7,770	(4,035,818)
Cash and cash equivalents, beginning of year	<u>5,300</u>	<u>-</u>	<u>7,941,093</u>
Cash and cash equivalents, end of year	<u>\$ 578,134</u>	<u>\$ 7,770</u>	<u>\$ 3,905,275</u>
Reconciliation of Cash Balances:			
Cash and cash equivalents	\$ 573,384	\$ 7,770	\$ 2,172,967
Restricted cash	<u>4,750</u>	<u>-</u>	<u>1,732,308</u>
Total cash and cash equivalents	<u>\$ 578,134</u>	<u>\$ 7,770</u>	<u>\$ 3,905,275</u>

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

SURRY COUNTY, NORTH CAROLINA

Exhibit 9
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STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major		
	Landfill Fund	Flatrock/ Bannertown Water and Sewer District Fund	Interstates Water and Sewer District Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (199,084)	\$ (48,836)	\$ 56,169
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	885,537	164,316	144,771
Pension expense	149,885	-	-
OPEB expense	10,408	-	-
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(64,221)	(3,611)	(199,768)
Increase (decrease) in accounts payable	(74,937)	-	-
Increase (decrease) in other liabilities	-	-	-
Increase (decrease) in compensated absences payable	24,487	-	-
Increase (decrease) in landfill post-closure liability	194,687	-	-
Contributions to pension plan in current year	(68,257)	-	-
Contributions to OPEB plan in current year	(10,005)	-	-
Net cash provided (used) by operating activities	<u>\$ 848,500</u>	<u>\$ 111,869</u>	<u>\$ 1,172</u>
Non-Cash Transactions:			
Acquisition of capital assets included in accounts payable	<u>\$ 382,646</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, 2020

	<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)	\$ (839,785)	\$ 4,753	\$ (1,026,783)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	490,840	11,824	1,697,288
Pension expense	-	-	149,885
OPEB expense	-	-	10,408
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,367)	11,405	(259,562)
Increase (decrease) in accounts payable	-	(10,126)	(85,063)
Increase (decrease) in other liabilities	(5,505)	-	(5,505)
Increase (decrease) in compensated absences payable	-	-	24,487
Increase (decrease) in landfill post-closure liability	-	-	194,687
Contributions to pension plan in current year	-	-	(68,257)
Contributions to OPEB plan in current year	-	-	(10,005)
	<u>\$ (357,817)</u>	<u>\$ 17,856</u>	<u>\$ 621,580</u>
Net cash provided (used) by operating activities			
Non-Cash Transactions:			
Acquisition of capital assets included in accounts payable	<u>\$ 316,075</u>	<u>\$ -</u>	<u>\$ 698,721</u>

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

SURRY COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2020

	Agency Funds
Assets:	
Cash and investments	\$ 257,658
Accounts receivable	<u>10,803</u>
Total assets	<u>\$ 268,461</u>
Liabilities:	
Accounts payable	\$ 231,153
Intergovernmental payable	<u>37,308</u>
Total liabilities	<u>\$ 268,461</u>

SURRY COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Sinking Fund	\$ 3,370,251
General Fund	Advances from grantors	2,607,386
General Fund	Tax revaluation	53,990
Schools Capital Project Fund	Unexpended debt proceeds	12,236,177
		<u>18,267,804</u>
Business-Type Activities:		
Landfill fund	Unexpended debt proceeds	1,727,558
Mt. Airy/Surry County Airport Authority	Rental deposits	4,750
		<u>1,732,308</u>
Total Restricted Cash		<u>\$ 20,000,112</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, 2019. 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:

	<u>Years</u>
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, 2020 represents the portion of fund balance that is restricted for the following:

<u>Purpose</u>	<u>General Fund</u>	<u>Schools Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted, all other:				
Register of Deeds	\$ 149,835	\$ -	\$ -	\$ 149,835
Education	1,092,572	10,100,350	-	11,192,922
Debt service	2,975,519	-	-	2,975,519
Public safety	-	-	128,143	128,143
Health	1,164,181	-	-	1,164,181
Economic development	1,958,031	-	-	1,958,031
Total	<u>\$ 7,340,138</u>	<u>\$ 10,100,350</u>	<u>\$ 128,143</u>	<u>\$ 17,568,631</u>

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 \$136,179, net unspent bond proceeds of \$10,100,350, and fund balance classified as nonspendable notes receivable of \$2,177,820 as of June 30, 2020.

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, 2020 represents the portion of fund balance that can only be used for the following:

<u>Purpose</u>	<u>General Fund</u>
Committed:	
Tax revaluation	\$ 53,908
Capital improvement reserve	7,321,936
Total	<u>\$ 7,375,844</u>

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, 2020 represents the portion of fund balance intended for the following:

<u>Purpose</u>	<u>General Fund</u>	<u>County Buildings Capital Project Fund</u>
Subsequent year's expenditures	\$ 8,743,635	\$ -
County buildings capital projects	-	620,899
Total	<u>\$ 8,743,635</u>	<u>\$ 620,899</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	\$ 43,847,560
Less:	
Non-spendable	(2,207,242)
Stabilization for State statute	<u>(7,894,171)</u>
Total available fund balance	<u>\$ 33,746,147</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)	\$ 35,379,144
Schools Capital Outlay Fund:	
Expenditures:	
Education	(2,773,808)
Fund balance, beginning	441,908
Revaluation Fund:	
Expenditures:	
General government	(282,100)
Transfers in	315,131
Fund balance, beginning	20,877
Capital Improvement Fund:	
Revenues:	
Local option sales taxes	3,875,679
Unrestricted intergovernmental	669,593
Restricted intergovernmental	385,685
Investment earnings	314,171
Transfers in	4,681,895
Transfers out	(6,252,146)
Fund balance, beginning	7,071,531
Fund balance, ending (Exhibit 4)	<u>\$ 43,847,560</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, 2020, the County's deposits had a carrying amount of \$23,363,195 and a bank balance of \$25,097,589. 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 \$4,150.

A reconciliation of cash and cash equivalents at June 30, 2020 is as follows:

Cash and cash equivalents consists of:		Reported in the financial statements as:	
Deposits in banks	\$ 23,363,195	Cash and cash equivalents	\$ 34,791,026
Petty cash on hand	4,150	Restricted cash	20,000,112
Investments	31,681,451	Cash in agency funds	257,658
	<u>\$ 55,048,796</u>		<u>\$ 55,048,796</u>

B. Investments

At June 30, 2020, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	1-5 Years
NCCMT - Term Portfolio	Fair Value-Level 1	\$ 5,389,717	\$ 5,389,717	\$ -
NCCMT - Government Portfolio	Fair Value-Level 1	26,291,734	26,291,734	-
Total investments		<u>\$31,681,451</u>	<u>\$31,681,451</u>	<u>\$ -</u>

* As of June 30, 2020, 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, 2020. 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,193,319	\$ -	\$ 2,193,319
2019	2,207,225	126,915	2,334,140
2018	2,206,066	325,395	2,531,461
2017	2,210,861	525,079	2,735,940
Total	<u>\$ 8,817,471</u>	<u>\$ 977,389</u>	<u>\$ 9,794,860</u>

D. Receivables

Receivables at Exhibit 1 at June 30, 2020, 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	\$ 2,693,510	\$ 1,669,604	\$ 2,177,820	\$ 5,669,022	\$ 12,209,956
Other governmental	-	198,643	-	99,788	298,431
Total receivables	2,693,510	1,868,247	2,177,820	5,768,810	12,508,387
Allowance for doubtful accounts	(1,320,638)	(710,173)	-	-	(2,030,811)
Total governmental activities	<u>\$ 1,372,872</u>	<u>\$ 1,158,074</u>	<u>\$ 2,177,820</u>	<u>\$ 5,768,810</u>	<u>\$ 10,477,576</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>
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Business-Type Activities:

Landfill Fund	\$ 208,353	\$ 230,948	\$ -	\$ -	\$ 439,301
Water and Sewer Districts:					
Flatrock/Bannertown	32,712	-	-	8,657	41,369
Elkin Area	11,316	-	-	-	11,316
Mt. Airy/Surry County					
Airport Authority	4,108	-	-	602,762	606,870
Total receivables	456,257	230,948	-	611,419	1,298,624
Allowance for doubtful accounts	(86,595)	-	-	-	(86,595)
Total business-type activities	<u>\$ 369,662</u>	<u>\$ 230,948</u>	<u>\$ -</u>	<u>\$ 611,419</u>	<u>\$ 1,212,029</u>

Due from other governments consisted of the following:

	Governmental Activities	Business-Type Activities
Local option sales tax	\$ 3,472,301	\$ -
Sales tax refund	771,883	-
NC Dept of Transportation	-	602,762
NC Division of Motor Vehicles	348,035	-
Due from Town of Mount Airy	-	8,657
Other	1,176,591	-
Total	<u>\$ 5,768,810</u>	<u>\$ 611,419</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:

	(Restated)			
	July 1, 2019	Additions	Retirements	June 30, 2020
By Type:				
Non-Depreciable Assets:				
Land	\$ 6,596,074	\$ 134,370	\$ (31,410)	\$ 6,699,034
Construction in progress	5,820,314	831,600	(5,820,314)	831,600
Depreciable Assets:				
Buildings and improvements	73,810,129	6,692,687	(796,933)	79,705,883
Equipment	7,497,790	264,537	(101,720)	7,660,607
Vehicles	5,764,086	502,571	(615,343)	5,651,314
Total	<u>99,488,393</u>	<u>8,425,765</u>	<u>(7,365,720)</u>	<u>100,548,438</u>
Less Accumulated Depreciation:				
Buildings and improvements	(20,602,425)	(1,898,595)	796,933	(21,704,087)
Equipment	(6,034,265)	(478,551)	101,720	(6,411,096)
Vehicles	(3,942,852)	(674,008)	615,343	(4,001,517)
Total	<u>(30,579,542)</u>	<u>(3,051,154)</u>	<u>1,513,996</u>	<u>(32,116,700)</u>
Capital assets, net	<u>\$ 68,908,851</u>			<u>\$68,431,738</u>

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

Governmental Activities:

General government	\$ 1,290,781
Public safety	930,349
Human services	82,891
Economic and physical development	19,131
Education	572,451
Cultural and recreation	155,551
Total	<u>\$ 3,051,154</u>

2. Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2020, are as follows:

	July 1, 2019	Additions	Retirements	Transfers	June 30, 2020
Business-Type Activities:					
Landfill Fund:					
Non-Depreciable Assets:					
Land	\$ 1,740,814	\$ -	\$ -	\$ -	\$ 1,740,814
Construction in progress	1,849,655	3,862,725	-	-	5,712,380
Depreciable Assets:					
Building and improvements	8,891,084	-	-	-	8,891,084
Vehicles and motorized equipment	5,185,848	306,871	-	(20,292)	5,472,427
Light equipment	306,822	42,437	-	20,292	369,551
Total	<u>17,974,223</u>	<u>4,212,033</u>	<u>-</u>	<u>-</u>	<u>22,186,256</u>
Less Accumulated Depreciation:					
Building and improvements	(6,334,180)	(381,242)	-	-	(6,715,422)
Vehicles and motorized equipment	(3,630,645)	(496,087)	-	-	(4,126,732)
Light equipment	(299,786)	(8,208)	-	-	(307,994)
Total	<u>(10,264,611)</u>	<u>(885,537)</u>	<u>-</u>	<u>-</u>	<u>(11,150,148)</u>
Capital assets, net	<u>\$ 7,709,612</u>				<u>\$11,036,108</u>

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Flatrock/Bannertown Water and Sewer District Fund:				
Non-Depreciable Assets:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Depreciable Assets:				
Plant and distribution	<u>6,572,659</u>	<u>-</u>	<u>-</u>	<u>6,572,659</u>
Total	<u>6,592,659</u>	<u>-</u>	<u>-</u>	<u>6,592,659</u>
Less Accumulated Depreciation:				
Plant and distribution	<u>(1,807,481)</u>	<u>(164,316)</u>	<u>-</u>	<u>(1,971,797)</u>
Capital assets, net	<u>4,785,178</u>	<u>(164,316)</u>	<u>-</u>	<u>4,620,862</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2020</u>
Interstates Water and Sewer District Fund:				
Non-Depreciable Assets:				
Land	\$ 60,675	\$ -	\$ -	\$ 60,675
Construction in progress	-	-	-	-
Depreciable Assets:				
Plant and distribution	<u>5,790,856</u>	<u>455,755</u>	<u>-</u>	<u>6,246,611</u>
Total	<u>5,851,531</u>	<u>455,755</u>	<u>-</u>	<u>6,307,286</u>
Less Accumulated Depreciation:				
Plant and distribution	<u>(144,771)</u>	<u>(144,771)</u>	<u>-</u>	<u>(289,542)</u>
Capital assets, net	<u>5,706,760</u>	<u>310,984</u>	<u>-</u>	<u>6,017,744</u>

	July 1, 2019	Additions	Retirements	June 30, 2020
Airport Authority:				
Non-Depreciable Assets:				
Land	3,983,770	-	-	3,983,770
Construction in progress	6,222,294	3,486,797	(926,236)	8,782,855
Depreciable Assets:				
Land improvements	12,998,888	826,037	-	13,824,925
Buildings	1,298,450	-	-	1,298,450
Equipment	68,130	11,965	-	80,095
Vehicles & motorized equipment	44,446	-	-	44,446
Total	<u>24,615,978</u>	<u>4,324,799</u>	<u>(926,236)</u>	<u>28,014,541</u>
Less Accumulated Depreciation:				
Land improvements	(2,807,104)	(453,016)	-	(3,260,120)
Buildings	(540,821)	(30,182)	-	(571,003)
Equipment	(60,028)	(2,609)	-	(62,637)
Vehicles & motorized equipment	(19,701)	(5,033)	-	(24,734)
Total	<u>(3,427,654)</u>	<u>(490,840)</u>	<u>-</u>	<u>(3,918,494)</u>
Capital assets, net	<u>21,188,324</u>			<u>24,096,047</u>
Elkin Area Water and Sewer District Fund:				
Depreciable Assets:				
Plant and distribution	810,788	-	(810,788)	-
Less Accumulated Depreciation:				
Plant and distribution	<u>(131,755)</u>	<u>(11,824)</u>	<u>143,579</u>	<u>-</u>
Capital assets, net	<u>679,033</u>	<u>(11,824)</u>	<u>(667,209)</u>	<u>-</u>
Total business-type capital assets, net	<u>\$40,068,907</u>			<u>\$45,770,761</u>

F. Commitments

The government has active construction projects. At June 30, 2020, the government's commitments with contractors and projects were as follows:

<u>Project</u>	<u>Remaining Commitment</u>	<u>Spent-to-Date</u>
Law Enforcement/Jail Facility	\$ 620,900	\$ 831,600
Dobson Elementary Renovations	4,188,478	5,158,589
Mountain Park Elementary Renovation	2,477,582	6,502,894
Franklin Elementary Renovations	1,812,314	5,392,535
Elkin High Gymnasium	146,323	273,327
Landfill Cell Phase IV	774,346	4,737,043
Landfill Scale House	213,275	975,336
Airport Runway & Taxiway Extension	267,851	6,120,615
Coporate Development Phase II	3,472,155	527,845
Airport Layout Plan	23,854	150,796
Total	<u>\$ 13,997,078</u>	<u>\$ 30,670,580</u>

G. Payables

Payables at Exhibit 1 at June 30, 2020, were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:			
General Fund	\$ 1,159,589	\$ 109,040	\$ 1,268,629
Capital project funds	2,007,989	-	2,007,989
Special revenue funds	91,654	-	91,654
Total governmental activities	<u>3,259,232</u>	<u>109,040</u>	<u>3,368,272</u>
Business-Type Activities:			
Landfill Fund	422,427	55,729	478,156
Flatrock/Bannertown			
Water & Sewer District Fund	-	7,288	7,288
Mt. Airy/Surry County Airport Authority	665,901	-	665,901
Elkin Area Water and Sewer District	-	-	-
Total business-type activities	<u>1,088,328</u>	<u>63,017</u>	<u>1,151,345</u>
Total	<u>\$ 4,347,560</u>	<u>\$ 172,057</u>	<u>\$ 4,519,617</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, 2020, was 9.70% of compensation for law enforcement officers and 9.01% 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 \$2,275,228 for the year ended June 30, 2020.

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, 2020, the County reported a liability of \$9,794,725 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019 measurement date, the County's proportion was 0.359%, which was an increase of 0.011% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$4,325,286. At June 30, 2020, 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	\$ 1,677,105	\$ -
Changes of assumptions	1,596,378	-
Net difference between projected and actual earnings on pension plan investments	238,907	-
Changes in proportion and differences between County contributions and proportionate share of contributions	16,427	72,055
County contributions subsequent to the measurement date	2,275,228	-
Total	<u>\$ 5,804,045</u>	<u>\$ 72,055</u>

\$2,275,228 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 1,716,857
2022	513,034
2023	951,384
2024	275,487
2025	-
Thereafter	-
Total	<u>\$ 3,456,762</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 8.10%, including inflation and productivity factor
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, 2018 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, 2020 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 2018 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 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>\$ 22,402,327</u>	<u>\$ 9,794,725</u>	<u>\$ (684,746)</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, 2018 (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	<u>79</u>
Total	<u><u>87</u></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, 2018 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	3.26%

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2018.

The actuarial assumptions used in the December 31, 2018 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, 2020, the County reported a total pension liability of \$2,218,405. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$127,201.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 292,229	\$ 98,240
Changes of assumptions and other inputs	102,846	59,882
Benefits payments made subsequent to the measurement date	75,558	-
Total	<u>\$ 470,633</u>	<u>\$ 158,122</u>

The County paid \$75,558 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 36,327
2022	36,396
2023	53,892
2024	62,364
2025	47,974
Thereafter	-
Total	<u>\$ 236,953</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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	<u>\$ 2,407,473</u>	<u>\$ 2,218,405</u>	<u>\$ 2,046,165</u>

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

Total pension liability as of June 30, 2019	\$ 1,876,165
Service cost	99,201
Interest on the total pension liability	65,573
Changes of benefit terms	-
Difference between expected and actual experience	259,504
Changes of assumptions or other inputs	67,375
Benefit payments	<u>(149,413)</u>
Total pension liability as of June 30, 2020	<u>\$ 2,218,405</u>

Changes of assumptions. Since the prior measurement date, the discount rate changed from 3.64% to 3.26% 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 \$184,094 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 \$6,269 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$124,513 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 0.631%, which was a decrease of 0.133% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$11,691. At June 30, 2020, 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	\$ -	\$ 6,004
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,274	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,333	9,206
County contributions subsequent to the measurement date	6,269	-
Total	<u>\$ 26,876</u>	<u>\$ 15,210</u>

\$6,269 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, 2021. 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
2021	\$ (5,184)
2022	7,674
2023	5,366
2024	(2,459)
2025	-
Thereafter	-
Total	<u>\$ 5,397</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 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, 2018 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, 2020 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)	\$ (102,924)	\$ (124,513)	\$ (142,765)

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)	\$9,794,725	\$ (124,513)	N/A	\$9,670,212
Proportion of the net pension liability (asset)	0.359%	0.631%	N/A	N/A
Total pension liability	N/A	N/A	\$2,218,405	2,218,405
Pension expense	4,175,402	11,691	127,201	4,314,294

Deferred Outflows of Resources:

Differences between expected and actual experience

	\$1,677,105	\$ -	\$ 292,229	\$1,969,334
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Changes of assumptions	1,596,378	-	102,846	1,699,224
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Net difference between projected and actual earnings on pension plan investments	238,907	1,274	-	240,181
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Changes in proportion and differences between County contributions and proportionate share of contributions	16,427	19,333	-	35,760
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County contributions (LGERS/ROD)/ benefit payments (LEOSSA) made subsequent to the measurement date	2,275,228	6,269	75,558	2,357,055
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Total	<u>\$5,804,045</u>	<u>\$ 26,876</u>	<u>\$ 470,633</u>	<u>\$6,301,554</u>
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Deferred Inflows of Resources:

Differences between expected and actual experience

	\$ -	\$ 6,004	\$ 98,240	\$ 104,244
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Changes of assumptions	-	-	59,882	59,882
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Changes in proportion and differences between County contributions and proportionate share of contributions	72,055	9,206	-	81,261
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Total	<u>\$ 72,055</u>	<u>\$ 15,210</u>	<u>\$ 158,122</u>	<u>\$ 245,387</u>
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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, 2019, the date of the latest actuarial valuation:

Retirees receiving benefits	80
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	211
Total	<u>291</u>

Total OPEB Liability

The County's total OPEB liability of \$12,880,562 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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	3.5%
Health care cost trends	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.5% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.5% by 2021

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, 2019 valuation were based on the results of an actuarial experience study for the

period January 1, 2010 - December 31, 2014, adopted by the LGERS Board. 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Schedule of Changes in Total OPEB Liability

Total OPEB liability as of June 30, 2019	\$ 13,031,614
Service cost	299,553
Interest	500,142
Changes in benefit terms	-
Difference between expected and actual experience	(552,286)
Changes in assumptions or other inputs	(46,118)
Benefit payments	(352,343)
Total OPEB liability as of June 30, 2020	<u>\$ 12,880,562</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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

Discount Rate Sensitivity

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 15,191,907	\$ 12,880,562	\$ 11,061,936

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	\$ 11,303,981	\$ 12,880,562	\$ 14,958,308

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$346,907. At June 30, 2020 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	\$ 4,853	\$ 476,335
Changes of assumptions or other inputs	-	1,345,753
Benefit payments and administrative costs paid subsequent to the measurement date	333,489	-
Total	<u>\$ 338,342</u>	<u>\$ 1,822,088</u>

\$333,489 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ (452,788)
2022	(452,788)
2023	(452,788)
2024	(331,298)
2025	(127,573)
Total	<u>\$ (1,817,235)</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, 2020, total lease expenditures under these operating leases totaled \$329,690. An analysis of obligations under operating leases follows:

Year Ending June 30	Amount
2021	\$ 381,369
2022	255,220
2024	255,220
2024	191,377
Thereafter	78,018
Total	<u>\$ 1,161,204</u>

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

Capital leases at June 30, 2020 are comprised of the following:

	<u>Outstanding Balance</u>
Governmental Activities:	
Equipment lease purchase agreement, annual payments of \$66,955, including interest at 4.74% through Jan 2021	<u>\$ 63,861</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	\$ 203,963
Equipment lease purchase agreement, monthly payments of \$4,366, including interest at 3.20% through June 2022, with a \$73,056 balloon payment	165,479
Equipment lease purchase agreement, monthly payments of \$13,506, including interest at 3.98% through October 2024	<u>632,802</u>
	<u>\$ 1,002,244</u>

At June 30, 2020 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	\$ 142,964	\$ 95,310
Business-Type Activities:			
Heavy equipment	\$ 1,418,789	\$ 489,207	\$ 929,582

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2021	\$ 66,955	\$ 283,415
2022	-	570,531
2023	-	162,075
2024	-	162,075
2025	-	54,025
Total minimum lease payments	66,955	1,232,121
Less: amount representing interest	(3,094)	(229,877)
Present value of the minimum lease payments	\$ 63,861	\$ 1,002,244

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	
Amount	Date	Rate	Period	Principal Amount	Balance	Purpose
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	466,666	School
8,914,879	June 2010	5.88%	Semi-annual	-	7,789,046	School QSCB
1,787,753	June 2010	5.88%	Semi-annual	125,000	-	School BAB
1,194,555	June 2011	4.07%	Quarterly	19,229-19,822	666,235	Equipment
2,000,000	June 2011	5.00%	Semi-annual	110,628-113,393	247,278	School QSCB
5,600,000	June 2011	4.62%	Annual	615,625	615,625	Economic development
5,000,000	June 2016	2.00%	Semi-annual	250,000	3,000,000	Sewer System
					<u>\$ 16,584,850</u>	
Business-type activities:						
\$ 6,690,000	Jan 2019	3.60%	Annual	\$565,904-782,484	\$ 6,124,096	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
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	2,177,159	200,449	653,564	142,994
2025	5,973,968	94,041	677,524	119,034
2026-2030	619,700	10,550	2,967,749	218,484
Total	<u>\$ 16,584,850</u>	<u>\$ 1,593,287</u>	<u>\$ 6,124,096</u>	<u>\$ 1,044,927</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	
<u>General Obligation Bonds</u>						
\$ 1,100,000	February 2010	2%-5%	Annual	\$55,000 - \$75,000	<u>\$ 550,000</u>	Construct: County Buildings
<u>Limited Obligation Bonds</u>						
\$ 7,630,000	March 2018	3%-5%	Annual	\$380,000 - \$385,000	\$ 6,860,000	Construct: County Buildings, Schools, Courthouse
\$ 22,380,000	May 2019	3%-5%	Annual	\$1,175,000 - \$1,180,000	<u>22,380,000</u>	
					\$ 29,240,000	

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, 2020 was \$3,193,735.

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
2021	\$ 55,000	\$ 26,281	\$ 1,565,000	\$ 1,382,518
2022	55,000	24,288	1,565,000	1,286,450
2023	55,000	21,538	1,565,000	1,220,000
2024	55,000	18,788	1,565,000	1,153,550
2025	55,000	16,038	1,560,000	1,075,300
2026 - 2030	275,000	42,038	7,800,000	4,205,250
2031 - 2035	-	-	7,780,000	2,327,725
2036 - 2040	-	-	5,840,000	730,825
Total	\$ 550,000	\$ 148,971	\$ 29,240,000	\$ 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>\$ 2,159,000</u>	Water and Sewer Series 2007

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

Year Ending June 30	Principal	Interest
2021	\$ 45,000	\$ 97,028
2022	47,000	93,585
2023	49,000	91,758
2024	51,000	89,845
2025	53,000	87,848
2026-2030	301,000	406,258
2031-2035	370,000	342,168
2036-2040	456,000	263,373
2041-2045	555,000	166,345
2045-2048	232,000	49,300
Total	<u>\$ 2,159,000</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, 2020:

	Balance			Balance	Current
	July 1, 2019	Increases	Decreases	June 30, 2020	Portion of
					Balance
Governmental Activities:					
General obligation bonds	\$ 605,000	\$ -	\$ 55,000	\$ 550,000	\$ 55,000
Limited obligation bonds	29,625,000	-	385,000	29,240,000	1,565,000
Premium on bonds	3,541,958	-	348,223	3,193,735	-
Direct borrowing					
installment purchases	20,048,020	-	3,463,170	16,584,850	3,477,628
Capital lease	124,770	-	60,909	63,861	63,861
Net pension liability (LGERS)	8,082,730	1,418,153	-	9,500,883	-
Compensated absences	2,285,346	2,582,312	2,421,373	2,446,285	1,957,000
Total OPEB liability	12,640,666	-	146,521	12,494,145	-
Total pension liability (LEOSSA)	1,876,165	342,240	-	2,218,405	-
Total governmental activities	<u>\$ 78,829,655</u>	<u>\$ 4,342,705</u>	<u>\$ 6,880,196</u>	<u>\$ 76,292,164</u>	<u>\$ 7,118,489</u>
Business-Type Activities:					
Landfill Fund:					
Direct borrowing					
installment purchases	\$ 6,690,000	\$ -	\$ 565,904	\$ 6,124,096	\$ 586,650
Capital leases	1,199,012	-	196,768	1,002,244	283,415
Net pension liability (LGERS)	164,954	128,888	-	293,842	-
Total OPEB liability	390,948	-	4,531	386,417	-
Accrued landfill closure					
and post-closure care cost	3,730,547	194,687	-	3,925,234	232,000
Compensated absences	47,377	72,625	48,138	71,864	12,469
Total Landfill Fund:	<u>12,222,838</u>	<u>396,200</u>	<u>815,341</u>	<u>11,803,697</u>	<u>1,114,534</u>
Flatrock/Bannertown Water and Sewer District Fund:					
Direct borrowing USDA					
general obligation bonds	2,202,000	-	43,000	2,159,000	45,000
Total business-type activities	<u>\$ 14,424,838</u>	<u>\$ 396,200</u>	<u>\$ 858,341</u>	<u>\$ 13,962,697</u>	<u>\$ 1,159,534</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, 2020, the County had a legal debt margin of approximately \$442,031,000.

5. Net Investment in Capital Assets

The total net investment in capital assets as of June 30, 2020, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 68,431,738	\$ 45,770,761
Less: total capital debt	(49,632,446)	(9,285,340)
Add: unexpended debt proceeds	12,236,177	1,727,558
Net investment in capital assets	<u>\$ 31,035,469</u>	<u>\$ 38,212,979</u>

3. Deferred Outflows and Inflows of Resources

Deferred outflows as of June 30, 2020, are composed of the following:

Source	Governmental Activities	Business-Type Activities	Total
Contributions to LGERS pension in current year	\$ 2,206,971	\$ 68,257	\$ 2,275,228
Contributions to ROD pension in current year	6,269	-	6,269
LEOSSA benefit payments and admin expenses paid after December 31, 2019	75,558	-	75,558
Pension deferrals (LGERS)	3,422,952	105,865	3,528,817
Pension deferrals (ROD)	20,607	-	20,607
Pension deferrals (LEOSSA)	395,075	-	395,075
OPEB benefit payments and admin costs paid in current year	323,484	10,005	333,489
OPEB deferrals	4,707	146	4,853
Total	<u>\$ 6,455,623</u>	<u>\$ 184,273</u>	<u>\$ 6,639,896</u>

Deferred inflows as of June 30, 2020, are composed of the following:

Source	Governmental Activities	Business-Type Activities	Total	Governmental Funds
Pension deferrals (LGERS)	\$ 69,893	\$ 2,162	\$ 72,055	\$ -
Pension deferrals (ROD)	15,210	-	15,210	-
Pension deferrals (LEOSSA)	158,122	-	158,122	-
OPEB deferrals	1,767,425	54,663	1,822,088	-
Prepaid taxes (General Fund)	77,116	-	77,116	77,187
Taxes receivable, net (General Fund)	-	-	-	870,739
Taxes receivable, net (special revenue funds)	-	-	-	120,335
Total	<u>\$ 2,087,766</u>	<u>\$ 56,825</u>	<u>\$ 2,144,591</u>	<u>\$ 1,068,261</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	\$ 315,362	for Airport capital projects
General Fund		To supplement other funding
Emergency Telephone 911 Fund	7,033	sources for 911 Operations
General Fund		To supplement other funding
Flat Rock/Bannertown Water/Sewer Fund	32,583	sources for water/sewer operations
General Fund		To fund various County
County Buildings Capital Project Fund	1,452,500	capital projects
General Fund		
Revaluation Fund	315,131	Intrafund transfer
General Fund		
Capital Improvement Fund	4,681,895	Intrafund transfer
County Buildings Capital Project Fund		
Capital Improvement Fund	1,503,729	To fund current projects
Capital Improvement Fund		
Schools Capital Project Fund	15,880	To fund current projects
Capital Improvement Fund		
Schools Capital Outlay Fund	3,424,472	Intrafund transfer
Capital Improvement Fund		
General Fund	6,236,266	Intrafund transfer
Total	<u>\$ 17,984,851</u>	

The composition of interfund balances as of June 30, 2020, is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Schools Capital Project Fund	\$ 335,338
General Fund	Flat Rock/Bannertown Water/Sewer Fund	516,939
Total		<u>\$ 852,277</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, 2020. 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, 2020. 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$491,105 to the Library for the year ended June 30, 2020, 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 \$2,626,000 to the Community College for operating purposes during the fiscal year ended June 30, 2020. 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, 2020. 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 contributed \$240,697 to the Council during the fiscal year ended June 30, 2020. 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 \$386,301 to the District during the fiscal year ended June 30, 2020. 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, 2020, Surry County is responsible for 19 years of additional monitoring and reports post-closure liability of \$1,097,163 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 \$8,193,986. 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 \$2,828,071 reported as landfill closure and post-closure care liability at June 30, 2020, 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 \$5.4 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, 2020, 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 Items

During the year, the County received several donated assets. These assets included a SMAT trailer, a Morgue Trailer, and the property and building of the former Mount Airy City School central office, which was deeded to the County in exchange for the remodeling of a County building which became the new central office. The total estimated fair market value of these donated assets in the amount of \$549,138 is recorded as a governmental activities special item in the statement of activities.

During the year, the County transferred the Elkin area water and sewer system to the Town of Elkin. Therefore, the net book value of the system of \$667,209 was removed from the County's capital assets, which also reduced the County's net position by this amount. This decrease is reflected as a proprietary funds special item in the statement of activities.

14. Uncertainties from the COVID-19 Pandemic

The COVID-19 pandemic in the United States, including Surry County, North Carolina, has caused severe business disruptions as state and local governments have declared states of emergency and issued stay-at-home orders for all but the most essential activities. As a result, economic uncertainties have arisen which are likely to negatively impact the County in various ways.

A loss of revenue could take place. Sales tax revenue is particularly vulnerable to economic uncertainties. The County may also experience staffing shortages due to employee departures from the workforce or from exposure to the virus. Other financial impacts could occur, though such potential impact is unknown at this time. The overall financial impact and duration of the COVID-19 pandemic cannot be reasonably estimated at this time.

15. Prior Period Adjustment/Correction of Error

During the year, management noticed that several school facilities for which the County never held title had been incorrectly recorded as capital assets of the County in prior years. Each of these errors related to school construction projects that were capitalized rather than being considered school capital expense during the period in which they occurred. The correction of this error resulted in a net decrease to beginning net position in the amount of (\$5,900,698).

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Changes in Total Pension Liability

	2020	2019	2018	2017
Service cost	\$ 99,201	\$ 85,944	\$ 68,265	\$ 76,899
Interest on the total pension liability	65,573	55,029	70,263	64,540
Difference between expected and actual experience	259,504	117,329	(217,082)	-
Changes of assumptions or other inputs	67,375	(70,591)	103,782	(40,785)
Benefit payments	<u>(149,413)</u>	<u>(105,964)</u>	<u>(102,181)</u>	<u>(74,237)</u>
Net change in total pension liability	342,240	81,747	(76,953)	26,417
Total pension liability - beginning	<u>1,876,165</u>	<u>1,794,418</u>	<u>1,871,371</u>	<u>1,844,954</u>
Total pension liability - ending	<u>\$ 2,218,405</u>	<u>\$ 1,876,165</u>	<u>\$ 1,794,418</u>	<u>\$ 1,871,371</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total pension liability	\$ 2,218,405	\$ 1,876,165	\$ 1,794,418	\$ 1,871,371
Covered payroll	3,640,749	2,866,821	2,687,900	2,664,984
Total pension liability as a percentage of covered payroll	60.93%	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:

<u>Fiscal year</u>	<u>Rate</u>
2016	3.57%
2017	3.86%
2018	3.16%
2019	3.64%
2020	3.26%

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 THREE FISCAL YEARS*

Schedule of Changes in Total OPEB Liability and Related Ratios

	2020	2019	2018
Service cost	\$ 299,553	\$ 321,163	\$ 370,071
Interest	500,142	470,086	425,578
Difference between expected and actual experience	(552,286)	(31,096)	9,071
Changes of assumptions and other inputs	(46,118)	(783,940)	(1,433,790)
Benefit payments	<u>(352,343)</u>	<u>(295,930)</u>	<u>(314,484)</u>
Net change in total OPEB liability	(151,052)	(319,717)	(943,554)
Total OPEB liability - beginning	<u>13,031,614</u>	<u>13,351,331</u>	<u>14,294,885</u>
Total OPEB liability - ending	<u><u>\$ 12,880,562</u></u>	<u><u>\$ 13,031,614</u></u>	<u><u>\$ 13,351,331</u></u>
Covered payroll	\$ 9,632,460	\$ 10,188,045	\$ 10,188,045
Total OPEB liability as a percentage of covered payroll	133.72%	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%
2020	3.50%

*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 SEVEN FISCAL YEARS*

Schedule of County's Proportionate Share of Net Pension Liability (Asset)						
	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset) (%)	0.359%	0.348%	0.341%	0.351%	0.339%	0.349%
County's proportion of the net pension liability (asset) (\$)	\$ 9,794,725	\$ 8,247,684	\$ 5,216,869	\$ 7,442,180	\$ 1,520,559	\$ (2,058,097)
County's covered payroll	23,110,541	21,741,606	20,591,016	19,988,882	18,854,879	18,937,709
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.38%	37.94%	25.34%	37.23%	8.06%	(10.87%)
Plan fiduciary net position as a percentage of the total pension liability	90.86%	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.

SURRY COUNTY, NORTH CAROLINA

Schedule A-4

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

	Schedule of County Contributions						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,275,228	\$ 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	2,275,228	1,816,958	1,651,981	1,531,692	1,350,765	1,345,970	1,348,216
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Surry County's covered payroll	\$25,118,915	\$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	9.06%	7.86%	7.60%	7.44%	6.76%	7.14%	7.12%

SURRY COUNTY, NORTH CAROLINA

Schedule A-5

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

Schedule of County's Proportionate Share of Net Pension Liability (Asset)						
	2020	2019	2018	2017	2016	2014
County's proportion of the net pension liability (asset) (%)	0.631%	0.764%	0.636%	0.717%	0.707%	0.672%
County's proportion of the net pension liability (asset) (\$)	\$ (124,513)	\$ (126,502)	\$ (108,578)	\$ (134,024)	\$ (160,112)	\$ (143,618)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	190.50%

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

SURRY COUNTY, NORTH CAROLINA

Schedule A-6

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

	Schedule of County Contributions						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,269	\$ 5,995	\$ 5,946	\$ 6,117	\$ 5,856	\$ 4,637	\$ 4,601
Contributions in relation to the contractually required contribution	6,269	5,995	5,946	6,117	5,856	4,637	4,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020

	General Fund	Schools Capital Outlay Fund	Revaluation Fund	Capital Improvement Fund	Total General Fund
Revenues:					
Ad valorem taxes	\$ 36,337,527	\$ -	\$ -	\$ -	\$ 36,337,527
Local option sales taxes	16,362,975	-	-	3,875,679	20,238,654
Unrestricted intergovernmental	544,275	-	-	669,593	1,213,868
Restricted intergovernmental	10,748,916	-	-	385,685	11,134,601
Permits and fees	989,988	-	-	-	989,988
Sales, services, and rents	8,647,677	-	-	-	8,647,677
Investment earnings	559,492	-	-	314,171	873,663
Miscellaneous	510,039	-	-	-	510,039
Total revenues	<u>74,700,889</u>	<u>-</u>	<u>-</u>	<u>5,245,128</u>	<u>79,946,017</u>
Expenditures:					
General government	9,982,355	-	282,100	-	10,264,455
Public safety	22,321,079	-	-	-	22,321,079
Economic and physical development	1,646,996	-	-	-	1,646,996
Human services	17,286,386	-	-	-	17,286,386
Cultural and recreation	1,226,147	-	-	-	1,226,147
Education	15,801,250	2,773,808	-	-	18,575,058
Debt service:					
Principal repayments	3,964,079	-	-	-	3,964,079
Interest	2,146,145	-	-	-	2,146,145
Total expenditures	<u>74,374,437</u>	<u>2,773,808</u>	<u>282,100</u>	<u>-</u>	<u>77,430,345</u>
Revenues over (under) expenditures	<u>326,452</u>	<u>(2,773,808)</u>	<u>(282,100)</u>	<u>5,245,128</u>	<u>2,515,672</u>
Other Financing Sources (Uses):					
Transfers out	(1,807,478)	-	-	(15,880)	(1,823,358)
Intrafund transfers	1,239,240	3,424,472	315,131	(4,978,843)	-
Total other financing sources (uses)	<u>(568,238)</u>	<u>3,424,472</u>	<u>315,131</u>	<u>(4,994,723)</u>	<u>(1,823,358)</u>
Net change in fund balances	<u>(241,786)</u>	<u>650,664</u>	<u>33,031</u>	<u>250,405</u>	<u>692,314</u>
Fund balances, beginning 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>
Fund balances, end of year	<u>\$ 35,379,144</u>	<u>\$ 1,092,572</u>	<u>\$ 53,908</u>	<u>\$ 7,321,936</u>	<u>\$ 43,847,560</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 31,775,891	\$ 32,243,579	\$ 467,688
Gross receipts on motor vehicles	3,425,924	3,790,663	364,739
Interest and fees	280,000	303,285	23,285
Total	<u>35,481,815</u>	<u>36,337,527</u>	<u>855,712</u>
Other Taxes:			
Local Option Sales Tax:			
Article 39 - one percent	7,313,000	8,429,878	1,116,878
Article 40 - one-half of one percent	3,028,200	3,623,027	594,827
Article 42 - one-half of one percent	1,483,200	1,841,674	358,474
Article 44 - one-half of one percent	-	12	12
Article 46 - one-quarter of one percent	2,163,000	2,468,384	305,384
Total	<u>13,987,400</u>	<u>16,362,975</u>	<u>2,375,575</u>
Unrestricted Intergovernmental Revenues:			
Payment in lieu of taxes	-	2,794	2,794
Franchise and utility tax	250,000	265,798	15,798
Beer and wine tax and licenses	241,500	243,774	2,274
Rental vehicle tax	20,000	31,909	11,909
Total	<u>511,500</u>	<u>544,275</u>	<u>32,775</u>
Restricted Intergovernmental Revenues:			
Federal and State grants:			
Cooperative extension	11,412	7,038	(4,374)
Court facility fees	90,000	71,210	(18,790)
EMS	175,717	160,747	(14,970)
Health	2,523,378	2,860,640	337,262
Parks and recreation	10,500	10,339	(161)
Sheriff	386,064	508,333	122,269
Social services	7,714,265	6,202,357	(1,511,908)
Home program (HUD)	770,300	918,355	148,055
Soil and water	4,079,615	236,688	(3,842,927)
Miscellaneous	165,350	114,421	(50,929)
Total	<u>16,248,990</u>	<u>11,090,128</u>	<u>(5,158,862)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Licenses and Permits:			
Building permits and inspection fees	312,600	413,277	100,677
Register of Deed's fees	508,500	576,711	68,211
Total	<u>821,100</u>	<u>989,988</u>	<u>168,888</u>
 Sales, Services, and Rents:			
Ambulance fees	4,100,000	4,709,230	609,230
Animal control fees	36,600	44,619	8,019
Court costs - Sheriff's fees	38,000	43,246	5,246
Environmental health fees	110,000	119,380	9,380
Handgun and fingerprint fees	44,500	67,623	23,123
Hazmat fees	15,000	(19,137)	(34,137)
Health dept - miscellaneous fees	258,597	301,565	42,968
Health dept - cost settlement	746,380	1,030,534	284,154
Health dept - patient fees - Medicaid	2,336,691	1,702,146	(634,545)
Health dept - patient fees - Medicare	67,396	35,384	(32,012)
Health dept - patient fees - private insurance	210,300	155,454	(54,846)
Jail fees	50,250	60,764	10,514
Officers' fees	88,000	53,775	(34,225)
Rental income - other	122,500	128,738	6,238
Sale of surplus property	10,000	64,157	54,157
Social services fees	1,030	813	(217)
State confinement	75,000	103,877	28,877
Other sales, services, and rents	47,600	45,509	(2,091)
Total	<u>8,357,844</u>	<u>8,647,677</u>	<u>289,833</u>
 Investment Earnings	<u>415,256</u>	<u>559,492</u>	<u>144,236</u>
 Miscellaneous Revenues:			
Commission - pay telephones	23,000	80,175	57,175
Donations	6,034	15,371	9,337
Insurance refunds	63,510	105,300	41,790
Sheriff	205,000	270,040	65,040
Other miscellaneous revenue	46,100	39,153	(6,947)
Total	<u>343,644</u>	<u>510,039</u>	<u>166,395</u>
 Total revenues	<u>76,167,549</u>	<u>75,042,101</u>	<u>(1,125,448)</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, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and benefits		67,935	
Operating expenditures		<u>533,886</u>	
Total	<u>610,188</u>	<u>601,821</u>	<u>8,367</u>
Administration:			
Salaries and benefits		238,219	
Operating expenditures		<u>15,292</u>	
Total	<u>260,104</u>	<u>253,511</u>	<u>6,593</u>
Front Line Reception:			
Salaries and benefits		165,988	
Operating expenditures		<u>2,177</u>	
Total	<u>179,870</u>	<u>168,165</u>	<u>11,705</u>
Dobson Plaza:			
Operating expenditures		<u>105,902</u>	
Total	<u>112,100</u>	<u>105,902</u>	<u>6,198</u>
Human Resources:			
Salaries and benefits		495,403	
Operating expenditures		<u>59,576</u>	
Total	<u>574,457</u>	<u>554,979</u>	<u>19,478</u>
Internal Audit:			
Salaries and benefits		194,523	
Operating expenditures		<u>5,596</u>	
Total	<u>209,891</u>	<u>200,119</u>	<u>9,772</u>
Finance:			
Salaries and benefits		399,374	
Operating expenditures		<u>133,711</u>	
Total	<u>602,628</u>	<u>533,085</u>	<u>69,543</u>

SURRY COUNTY, NORTH CAROLINA

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Tax Director:			
Salaries and benefits		1,032,207	
Operating expenditures		495,928	
Total	<u>1,721,852</u>	<u>1,528,135</u>	<u>193,717</u>
County Attorney:			
Salaries and benefits		8,092	
Operating expenditures		130,417	
Total	<u>175,065</u>	<u>138,509</u>	<u>36,556</u>
Elections:			
Salaries and benefits		350,829	
Operating expenditures		184,339	
Total	<u>751,911</u>	<u>535,168</u>	<u>216,743</u>
Register of Deeds:			
Salaries and benefits		481,604	
Operating expenditures		84,014	
Automation fund		33,335	
Total	<u>615,500</u>	<u>598,953</u>	<u>16,547</u>
Judicial Center Building:			
Salaries and benefits		28,099	
Operating expenditures		356,564	
Capital outlay		44,700	45,300
Total	<u>508,261</u>	<u>429,363</u>	<u>78,898</u>
Cooper Street Building:			
Operating expenditures		12,753	
Total	<u>13,500</u>	<u>12,753</u>	<u>747</u>
Permit and Health Building:			
Operating expenditures		70,650	
Total	<u>84,550</u>	<u>70,650</u>	<u>13,900</u>

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Communications Center:			
Operating expenditures		33,601	
Total	<u>43,500</u>	<u>33,601</u>	<u>9,899</u>
 Building and Grounds - County:			
Salaries and benefits		406,148	
Operating expenditures		328,613	
Capital outlay		102,915	
Total	<u>1,129,002</u>	<u>837,676</u>	<u>291,326</u>
 Court Facilities - Shared:			
Operating expenditures		114,237	
Total	<u>153,000</u>	<u>114,237</u>	<u>38,763</u>
 Court Facilities:			
Operating expenditures		35,148	
Total	<u>37,808</u>	<u>35,148</u>	<u>2,660</u>
 Health Department Building:			
Operating expenditures		34,639	
Total	<u>82,200</u>	<u>34,639</u>	<u>47,561</u>
 Human Services Building - Mt. Airy:			
Operating expenditures		196,621	
Capital outlay		42,779	
Total	<u>280,700</u>	<u>239,400</u>	<u>41,300</u>
 Admin/Social Services Building:			
Salaries and benefits		169,077	
Operating expenditures		128,803	
Total	<u>343,441</u>	<u>297,880</u>	<u>45,561</u>
 Sheriff's Building:			
Operating expenditures		50,058	
Total	<u>56,500</u>	<u>50,058</u>	<u>6,442</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Special Appropriations:			
Surry County Arts Council	111,115	111,115	-
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	-
Shoals Community Rec Center	20,000	20,000	-
Mt. Airy Museum	50,000	50,000	-
Partnership for Drug Free America	3,000	3,000	-
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	-
Sestercentennial	70,000	17,050	52,950
National Guard Museum	1,000	1,000	-
Foothills Food Pantry	5,000	5,000	-
Children's Center of Surry	7,000	7,000	-
Elkin Valley Trail Association	10,000	10,000	-
Economic Development Partnership	155,000	155,000	-
Town of Pilot Mountain	20,000	20,000	-
Seams Ministries	5,000	5,000	-
Total	<u>597,847</u>	<u>544,897</u>	<u>52,950</u>
Non-Departmental Expenditures:			
Insurance and bonding		7,657	
Other operating expenditures		<u>3,437</u>	
Total	<u>269,835</u>	<u>11,094</u>	<u>258,741</u>
Central Services:			
Operating expenditures		<u>13,251</u>	
Total	<u>39,075</u>	<u>13,251</u>	<u>25,824</u>
Management Information Services:			
Salaries and benefits		420,929	
Operating expenditures		<u>327,708</u>	
Total	<u>788,956</u>	<u>748,637</u>	<u>40,319</u>

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SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Insurance:			
Retiree insurance		333,489	
Dental and vision		106,461	
Employee programs		94,974	
Employee wellness		134,530	
Workers' compensation		621,270	
Total	<u>1,552,232</u>	<u>1,290,724</u>	<u>261,508</u>
 Total general government	 <u>11,793,973</u>	 <u>9,982,355</u>	 <u>1,811,618</u>
 Public Safety:			
Sheriff's Department:			
Salaries and benefits		4,774,470	
Operating expenditures		1,159,772	
Total	<u>6,144,118</u>	<u>5,934,242</u>	<u>209,876</u>
 Pre-Trial Release:			
Operating expenditures		143,599	
Total	<u>288,346</u>	<u>143,599</u>	<u>144,747</u>
 Sheriff - Special:			
Levy		99,783	
Total	<u>50,000</u>	<u>99,783</u>	<u>(49,783)</u>
 Sheriff - Narcotics:			
Operating expenditures		22,907	
Capital outlay		19,500	
Total	<u>67,245</u>	<u>42,407</u>	<u>24,838</u>
 School Resource Officer:			
Salaries and benefits		195,396	
Operating expenditures		8,717	
Total	<u>214,483</u>	<u>204,113</u>	<u>10,370</u>

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Middle School SRO:			
Salaries and benefits		215,409	
Operating expenditures		<u>2,473</u>	
Total	<u>235,016</u>	<u>217,882</u>	<u>17,134</u>
 County Jail:			
Salaries and benefits		2,083,563	
Operating expenditures		<u>1,709,618</u>	
Total	<u>3,795,574</u>	<u>3,793,181</u>	<u>2,393</u>
 Fire and Rescue:			
Operating expenditures		55,000	
Annual appropriation		<u>329,948</u>	
Total	<u>396,138</u>	<u>384,948</u>	<u>11,190</u>
 Inspections:			
Salaries and benefits		322,082	
Operating expenditures		<u>34,583</u>	
Total	<u>374,915</u>	<u>356,665</u>	<u>18,250</u>
 COPS More Grant:			
Operating expenditures		<u>1,121</u>	
Total	<u>5,000</u>	<u>1,121</u>	<u>3,879</u>
 Domestic Violence Abuse:			
Operating expenditures	<u>70</u>	<u>70</u>	<u>-</u>
Total	<u>70</u>	<u>70</u>	<u>-</u>
 Communications Center:			
Salaries and benefits		991,959	
Operating expenditures		396,718	
Capital outlay		<u>15,151</u>	
Total	<u>1,491,696</u>	<u>1,403,828</u>	<u>87,868</u>
 Emergency Management:			
Salaries and benefits		111,356	
Operating expenditures		42,931	
Capital outlay		<u>17,431</u>	
Total	<u>186,196</u>	<u>171,718</u>	<u>14,478</u>

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SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire Marshal:			
Salaries and benefits		232,670	
Operating expenditures		47,121	
Capital outlay		19,928	
Total	<u>318,960</u>	<u>299,719</u>	<u>19,241</u>
Medical Examiner:			
Salaries and benefits		2,397	
Professional services		52,250	
Total	<u>100,000</u>	<u>54,647</u>	<u>45,353</u>
Emergency Medical Services:			
Salaries and benefits		5,255,367	
Operating expenditures		1,360,033	
Capital outlay		446,675	
Total	<u>7,078,204</u>	<u>7,062,075</u>	<u>16,129</u>
Convalescent Services:			
Salaries and benefits		211,290	
Operating expenditures		29,873	
Total	<u>287,830</u>	<u>241,163</u>	<u>46,667</u>
Animal Control:			
Salaries and benefits		403,530	
Operating expenditures		113,525	
Total	<u>547,512</u>	<u>517,055</u>	<u>30,457</u>
Homeland Security Grant:			
Operating expenditures		89,600	
Capital outlay		25,185	
Total	<u>128,317</u>	<u>114,785</u>	<u>13,532</u>
Judicial Center Officers:			
Salaries and benefits		158,549	
Operating expenditures		40	
Total	<u>180,245</u>	<u>158,589</u>	<u>21,656</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Development Services:			
Salaries and benefits		481,062	
Operating expenditures		79,944	
Total	<u>583,312</u>	<u>561,006</u>	<u>22,306</u>
Opioid Response:			
Salaries and benefits		89,783	
Operating expenditures		46,688	
Total	<u>353,830</u>	<u>136,471</u>	<u>217,359</u>
Family Violence Center:			
Operating expenditures		422,012	
Total	<u>1,417,933</u>	<u>422,012</u>	<u>995,921</u>
Total public safety	<u>24,244,940</u>	<u>22,321,079</u>	<u>1,923,861</u>
Economic and Physical Development:			
Lovill's Creek:			
Lovill's Creek project		18,251	
Total	<u>15,000</u>	<u>18,251</u>	<u>(3,251)</u>
Road Signs Project:			
Operating expenditures		6,432	
Total	<u>14,985</u>	<u>6,432</u>	<u>8,553</u>
YV Scenic Byway:			
Operating expenditures		18,447	
Total	<u>21,311</u>	<u>18,447</u>	<u>2,864</u>
Economic Development:			
PGW incentive repayment		1,833	
Water and sewer		13,766	
Total	<u>96,000</u>	<u>15,599</u>	<u>80,401</u>
Cooperative Extension:			
Salaries and benefits		253,214	
Operating expenditures		42,015	
Total	<u>400,548</u>	<u>295,229</u>	<u>105,319</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
SHIP Grant:			
Operating expenditures		7,038	
Total	<u>11,412</u>	<u>7,038</u>	<u>4,374</u>
Agriculture Cost Share Program:			
Salaries and benefits		78,036	
Operating expenditures		206,930	
Total	<u>1,031,167</u>	<u>284,966</u>	<u>746,201</u>
Natural Resources Conservation Service:			
Salaries and benefits		82,174	
Operating expenditures		9,299	
Total	<u>156,428</u>	<u>91,473</u>	<u>64,955</u>
Home (HUD) Program:			
Home rehabilitation expenditures		916,446	
Total	<u>770,300</u>	<u>916,446</u>	<u>(146,146)</u>
Dobson Farmers Market:			
Capital outlay		124,336	
Total	<u>130,186</u>	<u>124,336</u>	<u>5,850</u>
Clean Water Grant - Fisher:			
Clean water grant expenditures		85,631	
Total	<u>85,631</u>	<u>85,631</u>	<u>-</u>
Clean Water Grant - Snow Creek:			
Clean water grant expenditures		-	
Total	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
 Total economic and physical development	 <u>5,732,968</u>	 <u>1,863,848</u>	 <u>3,869,120</u>

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SCHEDULE OF REVENUES, EXPENDITURES, AND
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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Health Department Administration:			
Salaries and benefits		68,809	
Operating expenditures		<u>79,418</u>	
Total	<u>220,150</u>	<u>148,227</u>	<u>71,923</u>
Communicable Diseases:			
Salaries and benefits		342,523	
Operating expenditures		<u>44,718</u>	
Total	<u>416,650</u>	<u>387,241</u>	<u>29,409</u>
Adult Primary Care:			
Salaries and benefits		331,514	
Operating expenditures		<u>73,246</u>	
Total	<u>377,705</u>	<u>404,760</u>	<u>(27,055)</u>
Yadkin Pregnancy Care Management:			
Salaries and benefits		69,934	
Operating expenditures		<u>4,090</u>	
Total	<u>82,245</u>	<u>74,024</u>	<u>8,221</u>
Yadkin Care Coord 4 Children:			
Salaries and benefits		68,990	
Operating expenditures		<u>2,389</u>	
Total	<u>81,069</u>	<u>71,379</u>	<u>9,690</u>
School Based Health Center:			
Salaries and benefits		53,100	
Operating expenditures		<u>4,846</u>	
Total	<u>88,300</u>	<u>57,946</u>	<u>30,354</u>
Community Alternative Program:			
Salaries and benefits		384,765	
Operating expenditures		<u>29,176</u>	
Total	<u>424,537</u>	<u>413,941</u>	<u>10,596</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Home Health Grant:			
Salaries and benefits		115,003	
Operating expenditures		<u>365,487</u>	
Total	<u>503,785</u>	<u>480,490</u>	<u>23,295</u>
Cancer Control Program:			
Salaries and benefits		159,509	
Operating expenditures		<u>84,564</u>	
Total	<u>302,900</u>	<u>244,073</u>	<u>58,827</u>
Pregnancy Care Management:			
Salaries and benefits		184,241	
Operating expenditures		<u>69,438</u>	
Total	<u>292,689</u>	<u>253,679</u>	<u>39,010</u>
Maternal Health Program:			
Operating expenditures		<u>34,009</u>	
Total	<u>45,725</u>	<u>34,009</u>	<u>11,716</u>
Child Health Program:			
Salaries and benefits		903,466	
Operating expenditures		<u>363,660</u>	
Total	<u>1,299,950</u>	<u>1,267,126</u>	<u>32,824</u>
Family Planning Program:			
Salaries and benefits		233,345	
Operating expenditures		<u>80,331</u>	
Total	<u>397,134</u>	<u>313,676</u>	<u>83,458</u>
Women, Infants, and Children:			
Salaries and benefits		655,413	
Operating expenditures		98,466	
Capital outlay		<u>196,000</u>	
Total	<u>957,639</u>	<u>949,879</u>	<u>7,760</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Immunization Action Plan:			
Salaries and benefits		122,308	
Operating expenditures		<u>106,160</u>	
Total	<u>303,300</u>	<u>228,468</u>	<u>74,832</u>
Behavioral Health:			
Salaries and benefits		5,423	
Operating expenditures		<u>115,632</u>	
Total	<u>135,700</u>	<u>121,055</u>	<u>14,645</u>
Child Services:			
Salaries and benefits		179,886	
Operating expenditures		<u>25,079</u>	
Total	<u>233,790</u>	<u>204,965</u>	<u>28,825</u>
Environmental Health:			
Salaries and benefits		649,900	
Operating expenditures		<u>72,181</u>	
Total	<u>748,485</u>	<u>722,081</u>	<u>26,404</u>
Bioterrorism Grant:			
Salaries and benefits		38,291	
Operating expenditures		<u>3,961</u>	
Total	<u>39,053</u>	<u>42,252</u>	<u>(3,199)</u>
Health Promotion:			
Salaries and benefits		74,462	
Operating expenditures		<u>15,574</u>	
Total	<u>118,652</u>	<u>90,036</u>	<u>28,616</u>
Dental Clinic:			
Salaries and benefits		880,384	
Operating expenditures		<u>120,655</u>	
Total	<u>1,595,064</u>	<u>1,001,039</u>	<u>594,025</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Migrant Farmworker Grant:			
Salaries and benefits		83,614	
Operating expenditures		40,486	
Total	<u>136,257</u>	<u>124,100</u>	<u>12,157</u>
Peer Support Grant:			
Annual appropriation		14,889	
Total	<u>32,159</u>	<u>14,889</u>	<u>17,270</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		531,659	
Operating expenditures		386,303	
Total	<u>989,873</u>	<u>917,962</u>	<u>71,911</u>
Social Services Programs:			
Salaries and benefits		2,007,350	
Operating expenditures		959,533	
Contracts, grants and subsidies		255,101	
Total	<u>3,491,461</u>	<u>3,221,984</u>	<u>269,477</u>
Local Assistance:			
Operating expenditures		66,270	
Contracts, grants and subsidies		1,139,605	
Total	<u>1,373,902</u>	<u>1,205,875</u>	<u>168,027</u>
Public Assistance:			
Operating expenditures		520,124	
Total	<u>812,500</u>	<u>520,124</u>	<u>292,376</u>
Child Support - Title IV-D:			
Salaries and benefits		518,123	
Operating expenditures		50,852	
Total	<u>575,063</u>	<u>568,975</u>	<u>6,088</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Assistance Administration:			
Salaries and benefits		2,635,777	
Operating expenditures		23,884	
Total	<u>2,678,937</u>	<u>2,659,661</u>	<u>19,276</u>
Veterans' Service Office:			
Salaries and benefits		179,638	
Operating expenditures		10,280	
Total	<u>199,163</u>	<u>189,918</u>	<u>9,245</u>
Surry County Community Action:			
Annual appropriation		150,824	
Total	<u>150,824</u>	<u>150,824</u>	<u>-</u>
Total human services	<u>19,306,389</u>	<u>17,286,386</u>	<u>2,020,003</u>
Cultural and Recreation:			
Library:			
Annual appropriation		505,453	
Total	<u>505,453</u>	<u>505,453</u>	<u>-</u>
Recreation:			
Salaries and benefits		239,096	
Operating expenditures		62,407	
Contracts, grants and subsidies		10,876	
Total	<u>369,715</u>	<u>312,379</u>	<u>57,336</u>
Fisher River Park:			
Salaries and benefits		197,976	
Operating expenditures		141,033	
Capital outlay		69,306	
Total	<u>438,698</u>	<u>408,315</u>	<u>30,383</u>
Canoe Access Grant:			
Operating expenditures		-	
Total	<u>90,844</u>	<u>-</u>	<u>90,844</u>
Total cultural and recreation	<u>1,404,710</u>	<u>1,226,147</u>	<u>178,563</u>

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FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Public Schools - Current Expenditures:			
Mount Airy City Schools - per capita		1,938,420	
Elkin City Schools - per capita		1,107,150	
Surry County Schools - per capita		9,169,380	
Charter school reserve:			
Surry County		491,970	
Mount Airy		176,660	
Elkin		36,670	
Special request		255,000	
Community college		2,626,000	
Total education	<u>15,895,760</u>	<u>15,801,250</u>	<u>94,510</u>
Debt Service:			
Principal retirement		3,964,079	
Interest and fees		2,146,145	
Total debt service	<u>6,303,221</u>	<u>6,110,224</u>	<u>192,997</u>
 Total expenditures	<u>84,681,961</u>	<u>74,591,289</u>	<u>10,090,672</u>
 Revenues over (under) expenditures	<u>(8,514,412)</u>	<u>450,812</u>	<u>8,965,224</u>
Other Financing Sources (Uses):			
Transfers in (out):			
From Capital Improvement Fund	6,236,266	6,236,266	-
To Revaluation Fund	(315,131)	(315,131)	-
To Capital Improvement Fund	(4,681,895)	(4,681,895)	-
To Emergency Telephone 911 Fund	-	(7,033)	(7,033)
To County Buildings Capital Project Fund	(1,452,500)	(1,452,500)	-
To Mt. Airy/Surry County Airport Authority	(315,362)	(315,362)	-
To Elkin Area Water and Sewer Fund	(4,033)	-	4,033
To Flatrock/Bannertown W&S District Fund	(32,583)	(32,583)	-
Total transfers in (out)	<u>(565,238)</u>	<u>(568,238)</u>	<u>(3,000)</u>
 Appropriated fund balance	<u>9,079,650</u>	<u>-</u>	<u>(9,079,650)</u>
Total other financing sources (uses)	<u>8,514,412</u>	<u>(248,130)</u>	<u>(8,762,542)</u>

SURRY COUNTY, NORTH CAROLINA

Schedule B-2

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other sources over expenditures and other uses	\$ <u> - </u>	202,682	\$ <u> 202,682 </u>
Reconciliation from Budgetary Basis to Modified Accrual:			
Long-term notes receivable:			
HUD program loans disbursed		216,852	
HUD program loan repayments		(341,212)	
Collections on other notes		<u>(320,108)</u>	
Net change in fund balance		<u>(241,786)</u>	
Fund balance, beginning of year		<u>35,620,930</u>	
Fund balance, end of year		<u>\$ 35,379,144</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Education	\$ 3,864,472	\$ 2,773,808	\$ 1,090,664
Other Financing Sources:			
Transfers in:			
From Capital Improvement Fund	3,424,472	3,424,472	-
Appropriated fund balance	440,000	-	(440,000)
Total other financing sources	<u>3,864,472</u>	<u>3,424,472</u>	<u>(440,000)</u>
Net change in fund balance	<u>\$ -</u>	650,664	<u>\$ 650,664</u>
Fund balance, beginning of year		<u>441,908</u>	
Fund balance, end of year		<u>\$ 1,092,572</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Expenditures:			
Salaries and benefits	\$ 217,271	\$ 232,726	\$ (15,455)
Operating expenditures	<u>87,160</u>	<u>49,374</u>	<u>37,786</u>
Total expenditures	<u>304,431</u>	<u>282,100</u>	<u>22,331</u>
Other Financing Sources:			
Transfer in:			
From General Fund	<u>304,431</u>	<u>315,131</u>	<u>10,700</u>
Total other financing sources	<u>304,431</u>	<u>315,131</u>	<u>10,700</u>
Net change in fund balance	<u>\$ -</u>	33,031	<u>\$ 33,031</u>
Fund balance, beginning of year		<u>20,877</u>	
Fund balance, end of year		<u><u>\$ 53,908</u></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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Article 40 - one-half of one percent	\$ 1,297,800	\$ 1,291,893	\$ (5,907)
Article 42 - one-half of one percent	2,224,800	2,583,786	358,986
Federal subsidy interest	467,151	469,593	2,442
City of Mt. Airy	200,000	200,000	-
Lottery funds	360,000	385,685	25,685
Investment earnings	-	314,171	314,171
Total revenues	<u>4,549,751</u>	<u>5,245,128</u>	<u>695,377</u>
Other Financing Sources (Uses):			
Transfer in (out):			
From General Fund	4,681,895	4,681,895	-
To General Fund	(6,236,266)	(6,236,266)	-
To School Capital Projects Fund	(15,880)	(15,880)	-
To Schools Capital Outlay Fund	(3,424,472)	(3,424,472)	-
Appropriated fund balance	<u>444,972</u>	<u>-</u>	<u>(444,972)</u>
Total other financing sources (uses)	<u>(4,549,751)</u>	<u>(4,994,723)</u>	<u>(444,972)</u>
Net change in fund balance	<u>\$ -</u>	250,405	<u>\$ 250,405</u>
Fund balance, beginning of year		<u>7,071,531</u>	
Fund balance, end of year		<u>\$ 7,321,936</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

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SCHOOLS CAPITAL PROJECT FUND - MAJOR FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

			Actual	
	Project Authorization	Prior Years	Current Year	Total to Date
Expenditures:				
Dobson Elementary Renovations:				
Professional services	\$ 298,500	\$ 226,843	\$ 111,633	\$ 338,476
Project construction	8,495,167	384,230	4,309,403	4,693,633
Other costs	553,400	125,130	1,350	126,480
Total project expenditures	<u>9,347,067</u>	<u>736,203</u>	<u>4,422,386</u>	<u>5,158,589</u>
Mountain Park Elementary Renovations:				
Professional services	382,760	283,425	83,356	366,781
Project construction	8,093,161	567,147	5,473,499	6,040,646
Other costs	504,555	93,287	2,180	95,467
Total project expenditures	<u>8,980,476</u>	<u>943,859</u>	<u>5,559,035</u>	<u>6,502,894</u>
Franklin Elementary Renovations:				
Professional services	292,033	219,583	54,914	274,497
Project construction	6,405,516	468,414	4,532,517	5,000,931
Other costs	507,300	83,557	33,550	117,107
Total project expenditures	<u>7,204,849</u>	<u>771,554</u>	<u>4,620,981</u>	<u>5,392,535</u>
Mt. Airy City Schools Admin Office:				
Professional services	97,978	98,657	-	98,657
Project construction	1,742,262	1,797,196	-	1,797,196
Other costs	136,747	44,879	-	44,879
Total project expenditures	<u>1,976,987</u>	<u>1,940,732</u>	<u>-</u>	<u>1,940,732</u>
Elkin High School Gymnasium:				
Professional services	393,750	252,377	-	252,377
Other costs	25,900	18,500	2,450	20,950
Total project expenditures	<u>419,650</u>	<u>270,877</u>	<u>2,450</u>	<u>273,327</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, 2020

			Actual	
	Project Authorization	Prior Years	Current Year	Total to Date
Mt. Airy Middle HVAC:				
Professional services	43,667	37,117	6,550	43,667
Repairs and renovations	727,790	-	718,985	718,985
Other costs	38,573	-	-	-
Total project expenditures	<u>810,030</u>	<u>37,117</u>	<u>725,535</u>	<u>762,652</u>
 Total expenditures	 <u>28,739,059</u>	 <u>4,700,342</u>	 <u>15,330,387</u>	 <u>20,030,729</u>
 Revenues under expenditures	 <u>(28,739,059)</u>	 <u>(4,700,342)</u>	 <u>(15,330,387)</u>	 <u>(20,030,729)</u>
 Other Financing Sources:				
Transfers in:				
From Capital Improvement Fund	935,200	135,200	15,880	151,080
From County Building Capital Project Fund	-	-	1,503,729	1,503,729
Proceeds from LOBs issued	24,500,000	25,172,155	-	25,172,155
Premium on LOBs	3,303,859	3,304,115	-	3,304,115
Total other financing sources	<u>28,739,059</u>	<u>28,611,470</u>	<u>1,519,609</u>	<u>30,131,079</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ 23,911,128</u>	 <u>\$ (13,810,778)</u>	 <u>\$ 10,100,350</u>

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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 67,237	\$ -	\$ 67,237
Donations	55,000	55,000	-	55,000
Total revenues	55,000	122,237	-	122,237
Expenditures:				
Historic Courthouse Project:				
Professional services	127,582	133,582	-	133,582
Project construction	1,856,321	1,849,665	-	1,849,665
Other costs	52,800	59,340	-	59,340
Total project expenditures	2,036,703	2,042,587	-	2,042,587
Dobson Plaza Project:				
Aquisition and contruction	3,565,590	2,034,658	-	2,034,658
Professional services	141,191	160,410	-	160,410
Other costs	193,256	103,400	-	103,400
Total project expenditures	3,900,037	2,298,468	-	2,298,468
Law Enforcement Center and Jail Project				
Professional services	1,452,500	-	831,600	831,600
Total project expenditures	1,452,500	-	831,600	831,600
Total expenditures	7,389,240	4,341,055	831,600	5,172,655
Revenues under expenditures	(7,334,240)	(4,218,818)	(831,600)	(5,050,418)
Other Financing Sources:				
Transfers in (out):				
From General Fund	3,579,122	622,892	1,452,500	2,075,392
To Schools Capital Project Fund	(1,503,729)	-	(1,503,729)	(1,503,729)
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)	7,334,240	5,722,547	(51,229)	5,671,318
Net change in fund balance	\$ -	\$ 1,503,729	\$ (882,829)	\$ 620,900

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, 2020

	Special Revenue Funds				
	Fire Districts Fund	School Districts Fund	Emergency Telephone 911 Fund	Grants Project Fund	Total
Assets:					
Cash and cash equivalents	\$ 10,615	\$ 4,604	\$ 152,239	\$ 63,520	\$ 230,978
Taxes receivable, net	79,995	40,340	-	-	120,335
Due from other governments	35,857	16,711	47,220	-	99,788
Total assets	<u>\$ 126,467</u>	<u>\$ 61,655</u>	<u>\$ 199,459</u>	<u>\$ 63,520</u>	<u>\$ 451,101</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 46,332	\$ 21,226	\$ 24,096	\$ -	\$ 91,654
Total liabilities	<u>46,332</u>	<u>21,226</u>	<u>24,096</u>	<u>-</u>	<u>91,654</u>
Deferred Inflows of Resources:					
Ad valorem receivable - deferred	79,995	40,340	-	-	120,335
Total deferred inflows of resources	<u>79,995</u>	<u>40,340</u>	<u>-</u>	<u>-</u>	<u>120,335</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	35,857	16,711	47,220	-	99,788
Public safety	-	-	128,143	-	128,143
Unassigned (deficit)	(35,717)	(16,622)	-	63,520	11,181
Total fund balances	<u>140</u>	<u>89</u>	<u>175,363</u>	<u>63,520</u>	<u>239,112</u>
Total liabilities deferred inflows of resources, and fund balance	<u>\$ 126,467</u>	<u>\$ 61,655</u>	<u>\$ 199,459</u>	<u>\$ 63,520</u>	<u>\$ 451,101</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	Fire Districts Fund	School Districts Fund	Emergency Telephone 911 Fund	Grants Project Fund	Total
Revenues:					
Ad valorem taxes	\$ 3,338,195	\$ 2,034,128	\$ -	\$ -	\$ 5,372,323
Restricted intergovernmental	-	-	566,641	105,000	671,641
Investment earnings	-	-	707	-	707
Total revenues	<u>3,338,195</u>	<u>2,034,128</u>	<u>567,348</u>	<u>105,000</u>	<u>6,044,671</u>
Expenditures:					
Public safety	3,338,195	-	732,288	-	4,070,483
Economic development	-	-	-	138,058	138,058
Education	-	2,034,128	-	-	2,034,128
Total expenditures	<u>3,338,195</u>	<u>2,034,128</u>	<u>732,288</u>	<u>138,058</u>	<u>6,242,669</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>(164,940)</u>	<u>(33,058)</u>	<u>(197,998)</u>
Other Financing Sources:					
Transfers in:					
From General Fund	-	-	7,033	-	7,033
Total other financing sources	<u>-</u>	<u>-</u>	<u>7,033</u>	<u>-</u>	<u>7,033</u>
Net change in fund balances	-	-	(157,907)	(33,058)	(190,965)
Fund balance, beginning of year	<u>140</u>	<u>89</u>	<u>333,270</u>	<u>96,578</u>	<u>430,077</u>
Fund balance, end of year	<u>\$ 140</u>	<u>\$ 89</u>	<u>\$ 175,363</u>	<u>\$ 63,520</u>	<u>\$ 239,112</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 3,378,758	\$ 3,285,631	\$ (93,127)
Prior years	<u>52,000</u>	<u>52,564</u>	<u>564</u>
Total revenues	<u>3,430,758</u>	<u>3,338,195</u>	<u>(92,563)</u>
Expenditures:			
Public safety	<u>3,430,758</u>	<u>3,338,195</u>	<u>92,563</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>140</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 2,017,716	\$ 2,012,723	\$ (4,993)
Prior years	<u>22,000</u>	<u>21,405</u>	<u>(595)</u>
Total revenues	<u>2,039,716</u>	<u>2,034,128</u>	<u>(5,588)</u>
Expenditures:			
Education	<u>2,039,716</u>	<u>2,034,128</u>	<u>5,588</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>89</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted Intergovernmental:			
Wireless 911 revenues	\$ 880,494	\$ 566,641	\$ (313,853)
Investment earnings	-	707	707
Total revenues	<u>880,494</u>	<u>567,348</u>	<u>(313,146)</u>
Expenditures:			
Public Safety:			
Phone		516,658	
Software		51,262	
Hardware		20,772	
Hosted solutions		7,850	
Training		2,014	
Functions		63,431	
Other		70,301	
Total expenditures	<u>927,972</u>	<u>732,288</u>	<u>195,684</u>
Revenues over (under) expenditures	(47,478)	(164,940)	(117,462)
Other Financing Sources:			
Transfer from General Fund	-	7,033	7,033
Appropriated fund balance	<u>47,478</u>	<u>-</u>	<u>(47,478)</u>
Total other financing sources	<u>47,478</u>	<u>7,033</u>	<u>(40,445)</u>
Net change in fund balance	<u>\$ -</u>	<u>(157,907)</u>	<u>\$ (157,907)</u>
Fund balance, beginning of year		<u>333,270</u>	
Fund balance, end of year		<u>\$ 175,363</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, 2020

		<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	\$ 187,782	\$ -	\$ 187,782
ARC grant (Weyerhaeuser)	300,000	300,000	-	300,000
NC Dept of Comm grant (Weyerhaeuser)	524,680	567,382	100,000	667,382
ARC grant (Eagle/Altec)	<u>500,000</u>	<u>500,000</u>	<u>5,000</u>	<u>505,000</u>
Total revenues	<u>1,524,680</u>	<u>1,555,164</u>	<u>105,000</u>	<u>1,660,164</u>
Expenditures:				
Weyerhaeuser Sewer Extension:				
Professional services	56,000	44,213	10,768	54,981
Engineering fees	50,000	82,263	-	82,263
Project construction	1,147,184	988,082	22,290	1,010,372
Contingency	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total project expenditures	<u>1,319,184</u>	<u>1,114,558</u>	<u>33,058</u>	<u>1,147,616</u>
Eagle/Altec Project:				
Project construction	<u>630,000</u>	<u>525,000</u>	<u>105,000</u>	<u>630,000</u>
Total project expenditures	<u>630,000</u>	<u>525,000</u>	<u>105,000</u>	<u>630,000</u>
Total expenditures	<u>1,949,184</u>	<u>1,639,558</u>	<u>138,058</u>	<u>1,777,616</u>
Revenues under expenditures	<u>(424,504)</u>	<u>(84,394)</u>	<u>(33,058)</u>	<u>(117,452)</u>
Other Financing Sources:				
Transfers in:				
From General Fund	<u>424,504</u>	<u>180,972</u>	<u>-</u>	<u>180,972</u>
Total other financing sources	<u>424,504</u>	<u>180,972</u>	<u>-</u>	<u>180,972</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 96,578</u>	<u>\$ (33,058)</u>	<u>\$ 63,520</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Solid waste charges	\$ 1,075,000	\$ 1,434,740	\$ 359,740
Recycling	130,000	125,253	(4,747)
Landfill fees	1,545,000	1,689,915	144,915
White goods and scrap tire	85,000	115,882	30,882
Other operating revenues	<u>1,541,292</u>	<u>75,153</u>	<u>(1,466,139)</u>
Total operating revenues	<u>4,376,292</u>	<u>3,440,943</u>	<u>(935,349)</u>
Non-operating revenues:			
Miscellaneous	-	10,000	10,000
Interest on investments	<u>-</u>	<u>56,622</u>	<u>56,622</u>
Total revenues	<u>4,376,292</u>	<u>3,507,565</u>	<u>(868,727)</u>
Expenditures:			
Landfill recycling	1,158,245	878,205	280,040
Landfill sanitation	1,711,951	1,619,604	92,347
Landfill closure and post-closure care costs	70,000	26,707	43,293
Capital outlay	397,770	349,309	48,461
Debt Service:			
Principal retirement	762,672	762,672	-
Interest and fees	<u>275,654</u>	<u>273,946</u>	<u>1,708</u>
Total expenditures	<u>4,376,292</u>	<u>3,910,443</u>	<u>465,849</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (402,878)</u>	<u>\$ (402,878)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual Basis:			
Revenues under expenditures		\$ (402,878)	
Reconciling items:			
Capital outlay		349,309	
Depreciation		(885,537)	
Principal retirement		762,672	
Change in compensated absences		(24,487)	
Contributions to pension plan in current year		68,257	
OPEB benefits and admin costs paid in current year		10,005	
Pension expense		(76,172)	
OPEB expense		(12,890)	
Change in accrued landfill			
closure and post-closure care costs		(194,687)	
Total reconciling items		(3,530)	
Change in net position		\$ (406,408)	

SURRY COUNTY, NORTH CAROLINA

Schedule D-2

LANDFILL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Expenditures:				
Landfill Cell Phase IV:				
Professional services	\$ 550,000	\$ 5,537	\$ 249,988	\$ 255,525
Project construction	4,967,500	1,344,054	3,057,911	4,401,965
Administration costs	80,715	79,553	-	79,553
Contingency	28,174	-	-	-
Total	<u>5,626,389</u>	<u>1,429,144</u>	<u>3,307,899</u>	<u>4,737,043</u>
 Landfill Scale House:				
Professional services	29,253	3,400	12,874	16,274
Project construction	929,000	403,303	514,771	918,074
Equipment	105,358	76,750	27,180	103,930
Total	<u>1,063,611</u>	<u>483,453</u>	<u>554,825</u>	<u>1,038,278</u>
 Total expenditures	<u>6,690,000</u>	<u>1,912,597</u>	<u>3,862,724</u>	<u>5,775,321</u>
 Other Financing Sources:				
Installment purchase obligations issued	<u>6,690,000</u>	<u>6,690,000</u>	<u>-</u>	<u>6,690,000</u>
Total other financing sources	<u>6,690,000</u>	<u>6,690,000</u>	<u>-</u>	<u>6,690,000</u>
 Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 4,777,403</u>	<u>\$ (3,862,724)</u>	<u>\$ 914,679</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water service, net	\$ 214,295	\$ 222,600	\$ 8,305
Sewer service, net	<u>20,698</u>	<u>17,011</u>	<u>(3,687)</u>
Total operating revenues	234,993	239,611	4,618
Non-operating revenues:			
Interest on investments	<u>-</u>	<u>6,171</u>	<u>6,171</u>
Total revenues	<u>234,993</u>	<u>245,782</u>	<u>10,789</u>
Expenditures:			
Operating expenses	124,991	119,911	5,080
Professional services	6,000	4,220	1,780
Debt service:			
Principal retirement	43,000	43,000	-
Interest and other charges	<u>93,585</u>	<u>93,587</u>	<u>(2)</u>
Total expenditures	<u>267,576</u>	<u>260,718</u>	<u>6,858</u>
Revenues under expenditures	(32,583)	(14,936)	17,647
Other Financing Sources:			
Transfers in:			
From General Fund	<u>32,583</u>	<u>32,583</u>	<u>-</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	17,647	<u>\$ 17,647</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Depreciation		(164,316)	
Principal payments		43,000	
Change in accrued interest		<u>146</u>	
Total reconciling items		<u>(121,170)</u>	
Change in net position		<u>\$ (103,523)</u>	

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Local contribution	\$ -	\$ 200,940	\$ 200,940
Total revenues	<u>-</u>	<u>200,940</u>	<u>200,940</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>\$ 56,169</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating Revenues:			
Rental income - other	\$ 148,000	\$ 125,400	\$ (22,600)
Fuel income	26,800	21,065	(5,735)
Total revenues	<u>174,800</u>	<u>146,465</u>	<u>(28,335)</u>
Expenditures:			
Salaries and benefits	77,472	75,304	2,168
Repairs and maintenance	79,500	87,486	(7,986)
Utilities	14,000	13,243	757
Insurance	25,000	26,389	(1,389)
Miscellaneous	22,190	17,047	5,143
Professional services	252,000	125,145	126,855
Capital outlay	20,000	-	20,000
Total expenditures	<u>490,162</u>	<u>344,614</u>	<u>145,548</u>
Revenues under expenditures	<u>(315,362)</u>	<u>(198,149)</u>	<u>117,213</u>
Other Financing Sources:			
Transfers in:			
From General Fund	315,362	315,362	-
Gain on disposal of capital asset	-	-	-
Total other financing sources	<u>315,362</u>	<u>315,362</u>	<u>-</u>
Revenues and other sources under expenditures	<u>\$ -</u>	117,213	<u>\$ 117,213</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
From Airport Capital Project Fund:			
Capital contributions		3,745,895	
Expense from capital project fund		(150,796)	
Depreciation		<u>(490,840)</u>	
Change in net position		<u>\$ 3,221,472</u>	

AIRPORT CAPITAL PROJECT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Total Project Budget</u>	<u>Prior Years</u>	<u>Current Actual</u>	<u>Total</u>
Revenues:				
NCDOT aviation grant	\$ 12,820,300	\$ 4,287,933	\$ 3,745,895	\$ 8,033,828
Total revenues	<u>12,820,300</u>	<u>4,287,933</u>	<u>3,745,895</u>	<u>8,033,828</u>
Expenditures:				
Runway expansion	850,000	846,793	-	846,793
Runway and taxiway extension	6,388,466	4,679,773	1,440,843	6,120,616
Corporate area development	6,131,031	595,529	2,045,955	2,641,484
Airport layout plan	174,650	100,199	50,597	150,796
Total expenditures	<u>13,544,147</u>	<u>6,222,294</u>	<u>3,537,395</u>	<u>9,759,689</u>
Revenue over (under) expenditures	<u>(723,847)</u>	<u>(1,934,361)</u>	<u>208,500</u>	<u>(1,725,861)</u>
Other Financing Sources:				
Transfers in:				
From General Fund	723,847	1,062,922	-	1,062,922
Total other financing sources	<u>723,847</u>	<u>1,062,922</u>	<u>-</u>	<u>1,062,922</u>
Revenues and other sources				
under expenditures	<u>\$ -</u>	<u>\$ (871,439)</u>	<u>\$ 208,500</u>	<u>\$ (662,939)</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Water service	\$ 139,000	\$ 98,616	\$ (40,384)
Total revenues	<u>139,000</u>	<u>98,616</u>	<u>(40,384)</u>
Expenditures:			
Salaries and benefits	14,533	9,010	5,523
Operating expenses	127,500	73,029	54,471
Professional services	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>143,033</u>	<u>82,039</u>	<u>60,994</u>
Revenues over (under) expenditures	(4,033)	16,577	20,610
Other Financing Sources:			
Transfers in:			
From General Fund	<u>4,033</u>	<u>-</u>	<u>(4,033)</u>
Total other financing sources	<u>4,033</u>	<u>-</u>	<u>(4,033)</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	16,577	<u>\$ 16,577</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual Basis:			
Reconciling items:			
Donated asset		(667,211)	
Depreciation		<u>(11,824)</u>	
Total reconciling items		<u>(679,035)</u>	
Change in net position		<u>\$ (662,458)</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, 2020

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
Social Services:				
Assets:				
Cash and investments	\$ 55,463	\$ 520,493	\$ 483,852	\$ 92,104
Liabilities:				
Accounts payable	\$ 55,463	\$ 520,493	\$ 483,852	\$ 92,104
Jail:				
Assets:				
Cash and investments	\$ 13,401	\$ 422,704	\$ 410,007	\$ 26,098
Liabilities:				
Accounts payable	\$ 13,401	\$ 422,704	\$ 410,007	\$ 26,098
Municipal Tax:				
Assets:				
Cash and investments	\$ 5,043	\$ 2,243,173	\$ 2,244,031	\$ 4,185
Liabilities:				
Intergovernmental payable	\$ 5,043	\$ 2,243,173	\$ 2,244,031	\$ 4,185
State Solid Waste Disposal Tax:				
Assets:				
Cash and investments	\$ 33,473	\$ 126,802	\$ 127,152	\$ 33,123
Liabilities:				
Intergovernmental payable	\$ 33,473	\$ 126,802	\$ 127,152	\$ 33,123

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, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
School Systems:				
Assets:				
Elkin City Schools	\$ -	\$ 29,463	\$ 29,463	\$ -
Mount Airy City Schools	-	51,609	51,609	-
Surry County Schools	-	244,127	244,127	-
Total assets	<u>\$ -</u>	<u>\$ 325,199</u>	<u>\$ 325,199</u>	<u>\$ -</u>
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 325,199</u>	<u>\$ 325,199</u>	<u>\$ -</u>
Miscellaneous Agency Funds:				
Assets:				
Cash and investments	\$ 62,007	\$ 1,247,264	\$ 1,207,123	\$ 102,148
Accounts receivable	<u>8,572</u>	<u>10,803</u>	<u>8,572</u>	<u>10,803</u>
Total assets	<u>\$ 70,579</u>	<u>\$ 1,258,067</u>	<u>\$ 1,215,695</u>	<u>\$ 112,951</u>
Liabilities:				
Accounts payable	<u>\$ 70,579</u>	<u>\$ 1,258,067</u>	<u>\$ 1,215,695</u>	<u>\$ 112,951</u>
Totals - All Agency Funds:				
Assets:				
Cash and investments	\$ 169,387	\$ 4,885,635	\$ 4,797,364	\$ 257,658
Accounts receivable	<u>8,572</u>	<u>10,803</u>	<u>8,572</u>	<u>10,803</u>
Total assets	<u>\$ 177,959</u>	<u>\$ 4,896,438</u>	<u>\$ 4,805,936</u>	<u>\$ 268,461</u>
Liabilities:				
Accounts payable	\$ 139,443	\$ 2,526,463	\$ 2,434,753	\$ 231,153
Intergovernmental payable	<u>38,516</u>	<u>2,369,975</u>	<u>2,371,183</u>	<u>37,308</u>
Total liabilities	<u>\$ 177,959</u>	<u>\$ 4,896,438</u>	<u>\$ 4,805,936</u>	<u>\$ 268,461</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, 2020.

SURRY COUNTY, NORTH CAROLINA

Schedule F-1

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 36,667,421	\$ 36,188,172	\$ 479,249
2018-2019	379,703	-	154,138	225,565
2017-2018	230,190	-	73,893	156,297
2016-2017	155,699	-	32,978	122,721
2015-2016	134,580	-	24,882	109,698
2014-2015	112,991	-	23,488	89,503
2013-2014	106,890	-	14,516	92,374
2012-2013	98,285	-	14,355	83,930
2011-2012	89,042	-	7,865	81,177
2010-2011	70,827	-	8,737	62,090
PRIOR	135,094	-	135,094	-
Total	<u>\$ 1,513,301</u>	<u>\$ 36,667,421</u>	<u>\$ 36,678,118</u>	1,502,604
Less: Allowance for uncollectible accounts - General Fund				<u>(631,865)</u>
Ad valorem taxes receivable, net				<u>\$ 870,739</u>
Reconciliation with Revenues:				
Taxes - ad valorem				<u>\$ 36,337,527</u>
Reconciling items:				
Interest and commission collected				(213,782)
Taxes written off				132,451
Refunds				(64,504)
Discounts allowed				383,811
Fines and forfeitures to schools				89,733
Miscellaneous				<u>12,882</u>
Total reconciling items				<u>340,591</u>
Total collections and credits				<u>\$ 36,678,118</u>

SURRY COUNTY, NORTH CAROLINA

Schedule F-2

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 5,313,509,794	0.582	\$ 30,924,627	\$ 30,924,627	\$ -
Motor vehicles taxed at					
current year's rates	651,316,667	0.582	3,790,663	-	3,790,663
Penalties	-		35,368	35,368	-
Total	<u>5,964,826,460</u>		<u>34,750,658</u>	<u>30,959,995</u>	<u>3,790,663</u>
Discoveries:					
Current year taxes	266,336,426	0.582	1,550,078	1,550,078	-
Prior year taxes	-		236,703	236,703	-
Penalties	-		183,644	183,644	-
Total	<u>266,336,426</u>		<u>1,970,425</u>	<u>1,970,425</u>	<u>-</u>
Abatements	<u>(9,220,275)</u>	0.582	<u>(53,662)</u>	<u>(53,662)</u>	<u>-</u>
Total property valuation	<u>\$ 6,221,942,612</u>				
Net Levy			36,667,421	32,876,758	3,790,663
Uncollected taxes at June 30, 2020			<u>479,249</u>	<u>479,249</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 36,188,172</u>	<u>\$ 32,397,509</u>	<u>\$ 3,790,663</u>
Current Levy Collection Percentage			<u>98.69%</u>	<u>98.54%</u>	<u>100.00%</u>

**ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020**

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio ⁽¹⁾		100%
Real property	\$	4,291,301,416
Personal property		1,697,419,800
Public service companies ⁽²⁾		<u>233,221,396</u>
Total assessed valuation	\$	<u>6,221,942,612</u>
Tax rate per \$100		<u>0.582</u>
Levy (includes discoveries, releases, and abatements) ⁽³⁾	\$	<u>36,667,421</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, 2020:

School districts	\$	1,812,981
Fire protection districts		<u>2,892,992</u>
Total	\$	<u>4,705,973</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

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, 2020, and the related notes to the financial statements, which collectively comprise Surry County's basic financial statements, and have issued our report thereon dated April 9, 2021. 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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, 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
April 9, 2021



**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, 2020. 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, 2020.

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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

Surry County's response to the internal control over compliance finding identified in are audit are identified in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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.

David Killian CPA Group, P.A.

Asheville, North Carolina
April 9, 2021



**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, 2020. 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, 2020.

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 identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-002, that we consider to be a significant deficiency.

Surry County's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. Surry County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
April 9, 2021

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

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? No

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? Yes

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
Housing and Urban Development	14.239
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, 2020

State Awards

Internal control over major state programs:

- Material weakness(es) identified? No
- Significant deficiency(s) identified? Yes

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
State Aid to Airports
Medical Assistance Program (Title XIX - Medicaid)

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

II. Financial Statement Findings

Finding 2020-001: Material Prior Period Adjustment

Material Weakness

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

Condition: The existence of a material prior period adjustment indicates that the County's system of internal controls did not detect and prevent such errors in a timely manner.

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

Cause: In previous years, the County did not perform an adequate reconciliation between the detailed capital asset listing and the amount reported in the financial statement and also did not perform an adequate review of asset additions to ensure the County held title to all reported capital assets.

Recommendation: We recommend that management implement a formal process to reconcile the detailed asset listing maintained in the software's asset module to those amounts reported in the County's general ledger system prior to the annual audit. The County should also implement a process to review all asset additions to ensure the County holds title to such assets.

Views of responsible officials and planned corrective actions: The County agrees with this finding. Please refer to the corrective action plan on page 143.

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Finding: 2020-002 Medicaid Review of Child Support Non-Compliance

SIGNIFICANT DEFICENCY/

MATERIAL NONCOMPLIANCE

Criteria: The Division of Medical Assistance (DMA) requires recipients that receive Medicaid benefits to be in compliance with their child support.

Condition: One applicant received assistance and was ineligible due to non-cooperating with their child support. Surry County's process for determining if applicants are non-cooperating with their child support did not detect that an applicant was in non-cooperation with child support. The ACTS results were not verified when the caseworker performed the applicant's recertification. The County receives a monthly report from the State that indicates all current recipients that are in non-cooperation with child support. The County changes the recipient's eligibility status to ineligible. The recipient will be removed from the list once they are removed from NCFAS.

Questions Costs: \$16,528. This amount was determined for the one applicant who was not eligible.

Context: Surry County recipients received \$130,446,254 in Medicaid benefits. We examined 71 recertifications (total sample recipient cost of \$282,202) and determined one applicant received assistance for which they were not eligible.

Cause: The County relied on an inaccurate report provided by the State to determine which recipients were not in cooperation with child support. We noted that the applicant was not on the State list. In addition, there was human error in which the County did not directly verify the ACTS results during recertification.

Effect: Errors can occur in determining if the applicant is eligible for Medicaid. The recipient may be ineligible whereby medical expenses are inappropriately paid by the Medicaid program.

Identification of a repeat finding: This is not a repeat finding.

Recommendation: Checks and balances should be in place to ensure the ACTS results are checked at recertification along with verifying with the report provided by the State each month.

Views of responsible officials and planned corrective actions: The County agrees with finding. Please refer to the County's corrective action plan on page 144.

IV. State Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Finding: 2020-002 Medicaid Review of Child Support Non-Compliance

SIGNIFICANT DEFICENCY

This finding also applies to State requirements and State awards.

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: 2020-01

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

Corrective action: Procedures have been implemented by management to change year end closing procedures to include a detailed reconciliation between the capital asset listing in the County software's asset module to the amounts recorded in the general ledger and to review each asset addition to ensure proper title is held by the County.

Proposed completion date: Completed

Schedule of Prior Year Audit Findings

Finding 2019-001: Significant audit adjustments

Status: Corrected

Finding 2019-002: Fixed Asset Administration

Status: Corrected

Surry County Government Center
118 Hamby Road
Dobson, North Carolina 27017



Telephone
Administration (336)401-8700
Services (336)401-8800

SURRY COUNTY DEPARTMENT OF SOCIAL SERVICES

Kristy Preston, Director

Corrective Action Plan

Federal Award Findings and Questioned Costs

Finding: 2020-002 Medicaid Review of Child Support Non-Compliance

Name of contact person:

Kristy Preston, DSS Director, Surry County, NC

Corrective action:

Error reviewed with caseworkers and training conducted regarding pertinent policy to reduce risk of repeat errors.

Proposed completion date:

Completed

Kristy Preston, DSS Director

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

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	\$ 682,732	\$ -	\$ -
Total SNAP Cluster			682,732	-	-
<u>Division of Public Health</u>					
Special Supplemental Nutrition Program for Women, Infant, and					
Children (Note 4)	10.557	16165NC705W1003	592,216	-	-
Total U.S. Department of Agriculture			1,274,948	-	-
<u>U.S. Department of Transportation (DOT)</u>					
Passed-through the N.C. Dept. of Public Safety:					
<u>Federal Aviation Administration</u>					
Airport Improvement Program	20.106	36237.59.13.1	199,751	-	-
Airport Improvement Program	20.106	36237.59.16.1	96,789	-	-
Total Federal Aviation Administration			296,540	-	-
Total U.S. Department of Transportation			296,540	-	-
<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-16-DC-37-0203	28,582	-	-
Home Investment Partnership Program - Home Program	14.239	M-17-DC-37-0203	91,882	-	-
Home Investment Partnership Program - Home Program	14.239	M-18-DC-37-0203	258,878	-	-
Boone Trail Program Income	14.239	--	197,801	-	-
Total U.S. Department of Housing and Urban Development			577,143	-	-
<u>U.S. Department of Justice</u>					
Passed-Through N.C. Department of Crime Control and Public Safety:					
Bulletproof Vest Partnership Program	16.607	2015BUBX15079022	7,411	-	-
Direct Program:					
Equitable Sharing Program	16.922		147,713	-	-
Total U.S. Department of Justice			155,124	-	-
<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	86,374	-	-
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		61,593	11,489	-
Title IV-E CPS	93.658		63,801	43,430	-
Title IV-E Foster Care	93.658		8,249	98	-
Title IV-E Foster Care/Off Trn	93.658		102,288	-	-
Title IV-E Foster Care - Extended Max	93.658		5,010	1,071	-
Title IV-E Foster Care in Extended Reg	93.658		120,143	25,143	-
Title IV-E Adoption/Off Trn	93.659		1,935	-	-
Title IV-E Optional Adopt Trn 5	93.659		83	-	-
Total Foster Care and Adoption Cluster (Note 3)			363,102	81,231	-
Family Preservation	93.556		18,495	-	-
Refugee Assistance Administration	93.566		816	-	-
IV-D Administration	93.563		516,102	(299)	-
Low Income Home Energy Assistance - Administration	93.568		53,414	-	-
Low Income Home Energy Assistance - Crisis Intervention	93.568		359,110	-	-
Low Income Home Energy Assistance - Direct Benefit Payment	93.568		348,775	-	-
Permanency Planning Svc & Admin	93.645		8,799	-	-
SSBG Other Services and Training	93.667		301,210	-	-
In Home Services	93.667		3,164	-	-
In Home Services Over 60	93.667		5,969	-	-
LINKS	93.674		4,160	1,040	-

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

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
Children's Health Insurance Program					
NC Health Choice - Administration (Note 4)	93.767		73,087	1,431	-
Total Passed-Through NCDHHS			2,142,577	83,403	-
PTRC Social Services Block Grant	93.667		20,984	600	934
Total Division of Social Services			2,163,561	84,003	934
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	32,521	-	-
Well-Integrated Screening and Evaluation for Women	93.436	XXXX	18,324	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116	U52PS004872-03	50	-	-
Injury Prevention and Control Research and State and	93.136				
Community Based Programs	93.136	U17CE002728	32,159	-	-
		FPHPA046048 &			
Family Planning Services	93.217	FPHPA046226-01	50,702	-	-
Immunizations Cooperative Agreements	93.268	H23IP0000759	21,050	-	-
TANF	93.558	1901NCTAN3	8,494	-	-
Preventive Health and Health Services Block Grant	93.991	XXXX	30,921	-	-
Cancer Prevention and Control Programs for State,					
Territorial and Tribal Organizations	93.898	XXXX	26,000	-	-
Preventative Health Services Sexually Transmitted					
Diseases Control Grants	93.977		100	-	-
Maternal and Child Health Services Block Grant	93.994	B04MC28118	66,471	-	-
Total Division of Public Health			286,792	-	-
Passed through NC Dept. of Health and Human Services:					
<u>TANF Cluster: (Note 4)</u>					
TANF/Work First Administration	93.558	G1901NCTANF	73,211	-	-
TANF/Work First Service	93.558	G1901NCTANF	443,052	-	-
Total TANF Cluster			516,263	-	-
AFDC Payments & Penalties	93.560		(221)	(61)	-
Total Administration of Children and Families			516,042	(61)	-
<u>Medicaid Cluster:</u>					
Division of Medical Assistance					
Medical Assistance Program - Administration (Note 4)	93.778	XIX-MAP20	1,682,398	5,254	-
Total Medicaid Cluster			1,682,398	5,254	-
<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(20)	89,474	7,027	23,289
In-Home Services:					
Special Programs for the Aging - Title III C -					
Nutrition Services - Congregate Nutrition - Title III-C 1	93.045	NC-07(20)	51,997	2,164	54,161
Special Programs for the Aging Title III, part C Nutrition					
Services - Home Delivered Nutrition - Title III-C2	93.045	NC-07(20)	142,602	7,651	150,253
Nutrition Services Incentive Program	93.053	NC-07(20)	31,541	-	31,541
Total Aging Cluster			315,614	16,842	259,244
National Family Caregiver Support, Title III, Part E	93.052	NC-07(20)	20,984	4,368	-
Total Administration on Aging			336,598	21,210	259,244
Passed Through N.C. Department of Insurance:					
State Health Insurance Assistance Program	93.324	90SA0090-01-00	7,038	-	-
Total Administration for Community Living			7,038	-	-
Total DHHS			4,992,429	110,406	260,178

SURRY COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020**

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>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	11,270	-	-
Crime Victim Compensation	16.576		1,079	-	-
JCPC Grants and Management System	16.576		-	230,012	-
DOP Custody and Security	16.576		-	20,160	-
Hurricane Florence - PA	97.036		2,602	867	-
Emergency Management EMPG Operations	97.042	EMPG-2018-18085	38,904	6,788	-
Total U.S. Department of Homeland Security			<u>53,855</u>	<u>257,827</u>	<u>-</u>
Total Federal awards			<u>7,350,038</u>	<u>368,233</u>	<u>260,178</u>
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	-	25,762	-
General Aid to Countries		Activity 110	-	95,066	-
General Communicable Disease Control		Activity 510	-	2,391	-
Health Communities			-	3,785	-
School Nurse Funding Initiative		Activity 803	-	250,000	-
Child Health		Activity 351	-	22,117	-
HIV/STD State		Activity 536	-	500	-
HIV/STD SSBG Aid		Activity 536			
Gonorrhea Partner Services		Activity 894	-	176	-
STD Drugs		Activity 894	-	880	-
Maternal Health (HMHG)		B04MC29320	-	30,963	-
Women's Health Service Fund		Activity 151	-	8,333	-
TB Control		Activity 551	-	2,733	-
Breast and Cervical Cancer Program		5NUS8DP003933	-	52,995	-
Total Division of Public Health			<u>-</u>	<u>495,701</u>	<u>-</u>
<u>Division of Social Services:</u>					
AFDC Incentive/Program Integrity			-	1,784	-
State Child Welfare/CPS			-	40,241	-
Foster Care At Risk			-	482	-
State Foster Home			-	76,370	-
SFHF Maximization			-	201,390	-
Smart Start			-	28,872	-
Total Division of Social Services			<u>-</u>	<u>349,139</u>	<u>-</u>
<u>Division of Aging and Adult Services:</u>					
Passed Through Piedmont Triad Regional Council of Governments					
In-Home Services:					
State Funds		NC-07(20)	-	252,378	61,971
Senior Center General Purpose		NC-07(20)	-	14,098	14,098
Total Division of Aging and Adult Services			<u>-</u>	<u>266,476</u>	<u>76,069</u>
Total NCDHHS			<u>-</u>	<u>1,111,316</u>	<u>76,069</u>
<u>N.C. Dept. of Transportation (NCDOT)</u>					
Rural Operating Assistance Program (ROAP):					
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.9.1	-	92,980	-
ROAP Rural General Public Program		36228.22.9.1	-	120,952	-
ROAP Work First Transitional - Employment		36236.11.8.1	-	20,640	-
Total Rural Operating Assistance Program			<u>-</u>	<u>234,572</u>	<u>-</u>
State Aid to Airports, DOT-8					
Environmental Mitigation Monitoring		DOT 8 /36244.49.6.2	-	44,402	-
Paving and Lighting		DOT 8 /36244.49.6.3	-	1,777,367	-
AV-5859B - CON		DOT 8 /47212.3.1	-	22,840	-
AV-5859- PE		DOT 8 /47212.3.2	-	1,556,649	-
Total Mount Airy/ Surry County Airport			<u>-</u>	<u>3,401,258</u>	<u>-</u>
Total NCDOT			<u>-</u>	<u>3,635,830</u>	<u>-</u>
<u>N.C. Administrative Office of the Courts</u>					
Sheriff's Department - Safe Roads Act			-	4,172	-
Total N.C. Administrative Office of the Courts			<u>-</u>	<u>4,172</u>	<u>-</u>

SURRY COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2020

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 Environmental Quality</u>					
NCACS - Tech Assistant Funds			-	26,528	-
Waste Management Scrap Tire			-	5,987	-
Electronics Management			-	4,243	-
NC Clean Water Management Trust Fund Grant			-	205,735	205,735
Total N.C. Department of Environmental Quality			-	242,493	205,735
<u>N.C. Department of Administration</u>					
Division of Veteran's Affairs					
Veteran's Service			-	2,182	-
Total N.C. Department of Administration			-	2,182	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		PSBCF	-	385,685	-
School Resource Officer Grant			-	173,731	-
Total N.C. Department of Public Instruction			-	559,416	-
Total State awards			-	5,555,410	281,804
Total Federal and State awards			\$ 7,350,039	\$ 5,923,643	\$ 541,982

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, 2020. 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: Coronavirus Relief Funds

Surry County received \$1,129,667 of funding from the Coronavirus Relief Fund (21.019) and is deferred until 2021. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Surry County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 31, 2021.