COUNTY OF SURRY, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2009

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ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

COUNTY OF SURRY, VIRGINIA

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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COUNTY OF SURRY, VIRGINIA

Board of Supervisors

M. Sherlock Holmes, Chairperson

Ernest L. Blount	Reginald O. Harrison
Judy S. Lyttle	John M. Seward

Social Services Board

Janet Moore, Chairperson

Earlene Sprouse	Gladys Hardy
Bishop Howard Daniels	Dr. Stanley Brantley, Jr.
M. Sherlock Holmes	Troilen Seward

County School Board

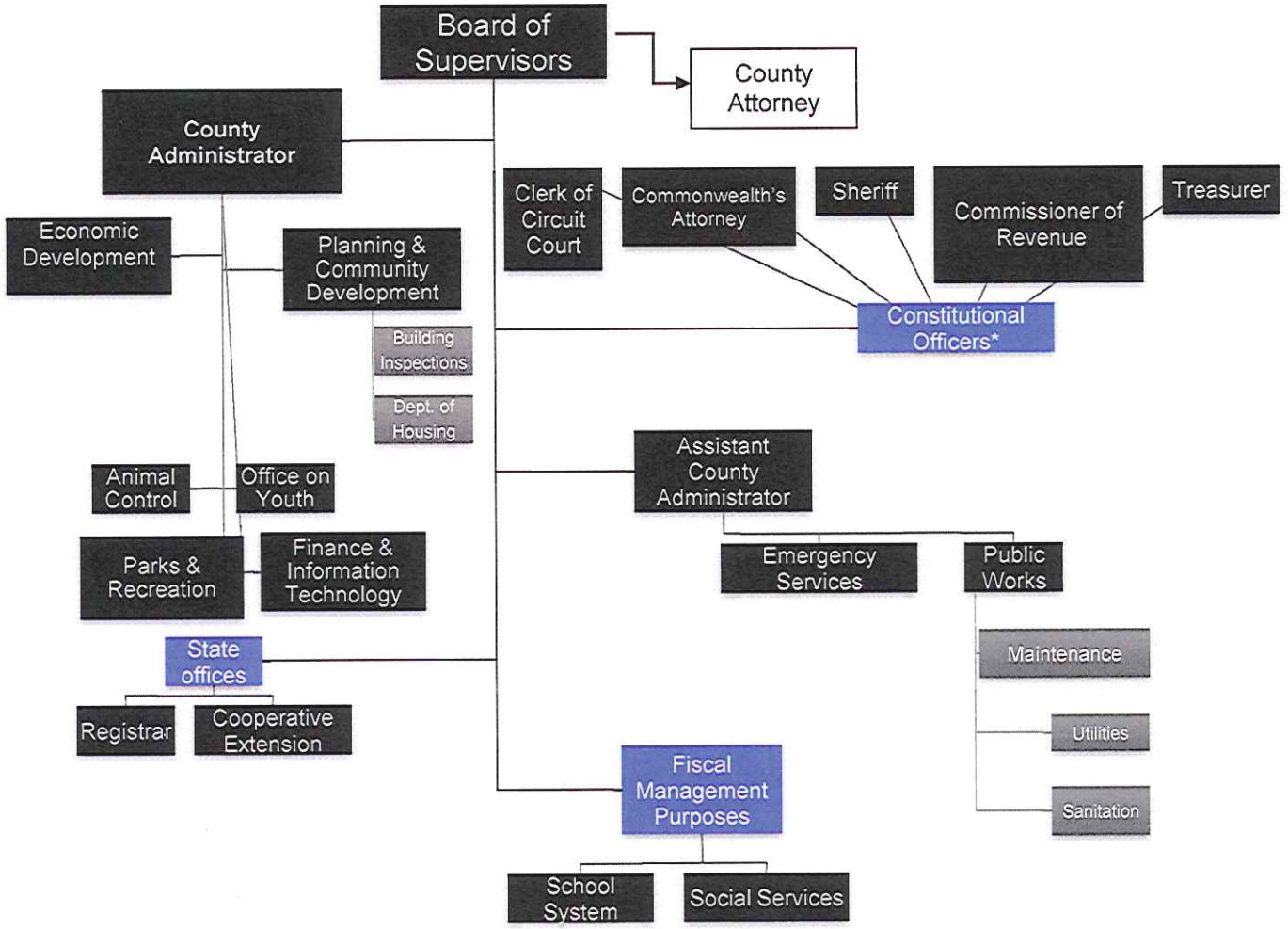
Elsie Dennis, Chairperson

Gladys Harris	Laura Sheffield
Audrey Byrd	Harold Jones

Other Officials

Judge of the Circuit Court	W. Allan Sharrett
Clerk of the Circuit Court	Gail P. Clayton
Commonwealth's Attorney	Gerald G. Poindexter
Commissioner of the Revenue	Deborah J. Nee
Treasurer	Mary H. Shaw
Sheriff	Harold D. Brown
Superintendent of Schools	Lloyd Hamlin
Director of Social Services	Valerie Pierce
County Administrator	Tyrone W. Franklin
Judge of the General District Court	J. Larry Palmer
Judge of the Juvenile and Domestic Relations Court	Carson Saunders
County Attorney	William Hefty

Surry County Organization Chart



**Employees of the Constitutional Officers fall under the County's personnel plan.*

"The Countrie it selfe, I must confesse is a very pleasant land, rich in commodities; and fertile in soyle..."
Samuel Argall, ca. 1609

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

Mr. Tyrone W. Franklin
County Administrator
Telephone: (757) 294-5271
Fax: (757) 294-5204
Email: twfranklin@co.surry.state.va.us

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

Members of the Board:

I am pleased to submit to you the Annual Financial Report of Surry County (the "County") for the fiscal year ended June 30, 2009. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the County. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the County's financial statements are free of any material misstatements and are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP).

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. We all believe that all disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included. It is important to add that staff is continuing its efforts to provide the highest standards of an internal control framework.

Section 15.2 2511 of the Code of Virginia requires that local governments have their financial records audited annually as of the end of the fiscal year by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009 are free of material misstatement. Robinson, Farmer Cox Associates (RFCA) performed this service and based upon the various audit testing performed, have issued an unqualified opinion on the County's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

Sections of the Report

The annual financial report is presented in four sections in accordance with general accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board as follows:

(1) Introductory Section – which contains the County's organizational structure and this transmittal letter

(2) Financial Section – which consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, including the notes to the statements, required supplementary information and other supplementary information.

(3) Statistical Section – which is unaudited and includes selected financial and demographic information generally presented on a multi-year basis

(4) Compliance Section – which is comprised of the independent auditor's reports on internal control and compliance with applicable laws and regulations as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non –Profit Organizations*, the Schedule of Expenditures of Federal Awards with related notes and the Schedule of Findings and Questioned Costs.

Profile of the Government and its Services

The County of Surry, formed in 1652, is located strategically is southeastern Virginia, 10 miles south of Williamsburg, 50 miles southeast of Richmond and 40 miles northwest of Norfolk. The County covers 306 square miles and has a population of 7,119 persons (2006 U. S Census Bureau estimate). The greater proportion of the County's land area remains rural although areas of the County are experiencing moderate residential growth. The County of Surry employs the traditional five-member Board of Supervisors form of government elected by election districts. The Board has overall administrative and legislative responsibilities including levying County taxes, appropriating funds, approving and enforcing the County's Comprehensive Plan, making and enforcing ordinances and establishing policies and procedures. The County Administrator is appointed to carryout the policy decisions of the Board and to direct the day to day activities of the County. In addition to the Board, other elected officials in the County government include the Clerk of Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer.

The operation of the public school system is vested in a five-member elected School Board. The Board makes an annual appropriation to the School Board based upon an approved budget. Since the School Board is fiscally dependent on the County, the financial statements of the Surry Public School System are included as a component unit of the County in accordance with GASB Statement No. 14.

The County provides a full range of municipal services to include education, public safety (sheriff, animal control, building inspections, emergency services, volunteer fire protection and paid/volunteer rescue services), parks, recreation & culture services and activities, public works, health and welfare administration, planning & community development and general administrative services. In addition, the county provides sewer services to approximately 131 residential and commercial customers in the Town of Dendron and four business customers in the Town of Surry. The Water & Sewer Fund account for these operations.

Long-Term Financial Planning

The County employs the services of a financial advisor as needed to guide them through the long-term financial planning needed to address capital projects needs of the County. The Capital Improvements Program (CIP) is the County's plan for investing in facilities, equipment and other significant improvements. Most of the current capital projects are funded through bank qualified loans and General Obligation Bonds issued by the County. Revenue bonds are primarily used to fund water and sewer improvements. Loan payments are usually repaid over twenty years, and the annual debt payment is called "debt service". Debt

service is budgeted for and paid out of the County's annual operating budget. Debt service on the School Board Component Unit traditionally has been budgeted within the School Fund, but reflected as an operating expenditure from the General Fund for auditing purposes, since the School Division cannot legally issue debt. Newly issued debt in FY 2009 and future debt associated with Education will be budgeted under the General Fund.

Financial Policies

Financial policies relative to debt as a percentage of assessed value and general fund expenditures help guide the Board's policy making decisions on financing capital projects. The County's imposed policy states that the net debt ratio as a percentage of assessed value should not exceed 3.0%. The actual percentage is less than 1%. The total ratio of debt service as a percentage of general fund expenditures is 5.6%, below the established guideline of 10%.

The General Fund fund balance is an important element in the financial position of the County. The undesignated General Fund fund balance, which represents available current financial resources, totaled $9.7 million at June 30, 2009. Uses of the undesignated fund balance are carefully evaluated to ensure that the balance will be sufficient to meet future obligations. In this case, a large portion is needed to finance operations of the County from July 1 through December 5 of each year. In addition, $1.8 million of this amount was designated to the FY2010 operating and capital improvement budgets. With the undesignated General Fund balance at $9.7 million, the County continues to maintain a sound financial position.

Major Initiatives and Significant Events in Fiscal Year 2009

Capital Projects

Public Safety Equipment Acquisition & Facility Upgrade - The Board of Supervisors approved a $2.1 million capital spending plan that include the purchase of five fire vehicles, two ambulances, various medical equipment and the expansion of the Claremont Fire Station. At June 30, 2009, this project was nearly 75% complete, with expenditures totaling $1.5 million.

Renovation of the Government Center and Circuit Courthouse - Significant construction work was completed on the largest capital project initiative in the County during FY 2008. Work on this major project continued through FY2009 with $2.2 million spent. The project is expected to be completed during the 2nd Quarter of FY 2010, with carpet upgrades in the Government Center and final work on the Circuit Courthouse.

Broadband Planning Initiative - The County continued planning work for the Broadband Initiative to bring this vital communication to Surry County. The $70,000 spent on this project in FY 2009 represents payment to the County's consultant for Phase II implementation and work spent on a regional study of broadband communications by the Hampton Roads Planning District Commission. The $15,000 for the study was paid for by the commission. An additional $45,000 was reimbursable to the County under a grant from the Virginia Department of Housing & Community Development. The project remained ongoing at the conclusion of June 30, 2009.

Planning & Community Development Initiative- Elberon Heights Improvement Project -The County community improvement initiative with the Elberon Heights Community continued in FY2009 with $453,000 of the grant funds expended at June 30, 2009. This project includes funds to rehabilitate up to twelve low to moderate income housing units, area wide clearance, sanitary sewer/storm water improvements, new wells and renter assistance. Preliminary engineering, rehabilitation assistance, construction, sanitary improvements and administrative work in the combined amount of $500,000 have been completed to date. This represents 50% of the total grant contingent upon the participation of all eligible households.

Acknowledgements

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

Tyrone W. Franklin
County Administrator

Melissa D. Rollins
Director of Finance &
Information Technology

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

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 the County of Surry, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Surry, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 the County of Surry, Virginia, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16, The County implemented GASB Statement No.45 *Accounting Financial Reporting by Employers for Post-Employment Benefits other than Pensions,* effective June 30, 2009.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 2, 2009, on our consideration of the County of Surry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the Schedules of Pension Funding Progress and Funding Progress for the Retiree Healthcare Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Surry, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Surry, Virginia. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 2, 2009

This section of the County of Surry, Virginia Annual Financial Report presents our Management Discussion and Analysis of the County's financial activities during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter in the beginning of this report and the County's basic financial statements, which follow this analysis.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements (Full Accrual)

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

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

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

In the Statement of Net Assets and the Statement of Activities, the County is divided into three categories:

- *Governmental activities* – Includes most of the County's basic services such as public safety, general government and judicial administration, public works, health and welfare, community development and parks & recreation. These activities are financed by local tax revenue, state revenue including grants and federal revenue primarily for welfare administration and assistance.
- *Business-type activities* - The County charges user fees to customers to help cover the costs of certain services it provides. The County's Water & Sewer Fund is included here.
- *Component Unit* - The County's Public School System is included as a separate legal entity in this report. The County is financially accountable for this "component unit" and provides operating support from local tax revenue.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are used to keep track of specific sources of funding and spending for particular purposes. Some are required by state law; others are established to control and manage funds allocated for specific purposes. All of the funds of the County can be divided into two categories: governmental funds and proprietary funds.

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

The County maintains budgetary control over its operating funds. The primary objective of budgetary control is to ensure compliance with the legal provisions via budget resolutions embodied in the annual appropriated budget. Budgets are adopted on a fund level. To demonstrate compliance with the budget, a budgetary comparison statement is provided for the General Fund to include variance information. The County has two major governmental funds – the General Fund and the Capital Projects Fund.

Proprietary funds – Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business. The Water and Sewer Fund provides a centralized source for water/sewer services to County residents.

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 also contain required supplementary information such as budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Required Supplementary Information

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

Financial Analysis of the County as a Whole

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Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, governmental assets at June 30, 2009 exceeded liabilities by $11.86 million while business assets exceed it's liabilities by nearly $6.0 million. The following table provides comparative information on the County's net assets as of June 30, 2008 and June 30, 2009. (Exhibit 1)

	2009	2008	2009	2008	2009	2008
Current and other assets	$ 17,111,534	$ 16,524,443	$ 55,289	$ 7,478	$ 17,166,823	$ 16,531,921
Capital assets	19,972,531	16,696,198	7,025,930	7,229,384	26,998,461	23,925,582
Total assets	$ 37,084,065	$ 33,220,641	$ 7,081,219	$ 7,236,862	$ 44,165,284	$ 40,457,503
Current liabilities	$ 2,305,000	$ 1,992,906	$ 29,685	$ 9,492	$ 2,334,685	$ 2,002,398
Long-term liabilities:						
Due within one year	1,226,492	672,200	51,393	50,369	1,277,885	722,569
Due in more than one year	21,685,819	17,897,421	1,006,924	1,109,353	22,692,743	19,006,774
Total liabilities	$ 25,217,311	$ 20,562,527	$ 1,088,002	$ 1,169,214	$ 26,305,313	$ 21,731,741
Net assets:						
Invested in capital assets, net of related debt	$ 1,240,925	$ 5,262,920	$ 5,967,613	$ 6,069,662	$ 7,208,538	$ 11,332,582
Unrestricted	10,625,829	7,395,194	25,604	(2,014)	10,651,433	7,393,180
Total net assets	$ 11,866,754	$ 12,658,114	$ 5,993,217	$ 6,067,648	$ 17,859,971	$ 18,725,762

Net Assets: Unrestricted net assets of governmental activities account for $10.62 million or 89% of the County's net assets and is used to meet the County's ongoing obligations. The remaining balance of the County's governmental net assets (11%) is its investment in capital assets (e.g. land, buildings, systems, machinery and equipment, and infrastructure), less accumulated depreciation and any debt used to acquire those assets that remain outstanding at year-end. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Activities – Changes in Net Assets

The Statement of Activities illustrates the general revenue sources that support the various governmental operations.

Governmental Activities - Governmental activities decreased the County's net assets by $791,360 from $12.6 million to $11.8 million at June 30, 2009 as shown on the Statement of Activities. Key factors associated with the decrease in net assets include:

- A decrease in interest earnings from $872,000 in FY2008 to nearly $300,000 in FY 2009;
- A $75,000 (38%) increase in the operating transfer needed for business type activities;
- Other local taxes were $264,000, down 15% from FY2008.

Business Type Activities - The net assets of the County's business-type activities also decreased from $6.06 million in FY 2008 to $5.99 million. This is primarily attributed to a decrease in the resources from capital grants and contributions restricted for the use of business type activities, in this case continuing operations of the County's Water & Sewer Fund. The County's general fund provided $267,361 in operational support for the Water & Sewer Fund in FY 2009. The following table shows the revenues and expenses of the governmental and business type activities: (Exhibit 2)

County of Surry, Virginia's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	$ 147,764	$ 158,317	$ 41,575	$ 37,185	$ 189,339	$ 195,502
Operating grants and contributions	2,545,547	2,281,233	-	269,529	2,545,547	2,550,762
Capital grants and contributions	76,580	424,813	-	-	76,580	424,813
General revenues:						
General property taxes	17,728,739	17,644,857	-	-	17,728,739	17,644,857
Other local taxes	754,536	664,638	-	-	754,536	664,638
Grants and other contributions not restricted	697,935	730,465	-	-	697,935	730,465
Other general revenues	323,820	873,194			323,820	873,194
Transfers	(267,361)	(192,731)	267,361	192,731	-	-
Total revenues	$ 22,007,560	$ 22,584,786	$ 308,936	$ 499,445	$ 22,316,496	$ 23,084,231
Expenses:						
General government administration	$ 1,864,806	$ 1,375,071	$ -	$ -	$ 1,864,806	$ 1,375,071
Judicial administration	358,576	806,049	-	-	358,576	806,049
Public safety	2,907,399	2,469,893	-	-	2,907,399	2,469,893
Public works	1,237,489	2,101,649	383,367	383,052	1,620,856	2,484,701
Health and welfare	2,368,475	2,263,034	-	-	2,368,475	2,263,034
Education	11,734,160	12,736,313	-	-	11,734,160	12,736,313
Parks, recreation, and cultural	567,971	507,811	-	-	567,971	507,811
Community development	923,784	494,492	-	-	923,784	494,492
Interest and other fiscal charges	836,260	690,748	-	-	836,260	690,748
Total expenses	$ 22,798,920	$ 23,445,060	$ 383,367	$ 383,052	$ 23,182,287	$ 23,828,112
Change in net assets	$ (791,360)	$ (860,274)	$ (74,431)	$ 116,393	$ (865,791)	$ (743,881)
Beginning of year-as restated	12,658,114	13,518,388	6,067,648	5,951,255	18,725,762	19,469,643
End of year	$ 11,866,754	$ 12,658,114	$ 5,993,217	$ 6,067,648	$ 17,859,971	$ 18,725,762

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County of Surry uses fund accounting to ensure and demonstrate compliance with budgetary related legal requirements. The following is a financial analysis of the County's governmental funds.

Governmental Funds – Revenue Analysis

The County's total revenues from general fund were $22.0 million for the fiscal year ended June 30, 2009. General Fund revenue increased slightly by 1.23% from FY 2008. General property taxes, the largest source of revenue, were $17.63 million. It is composed of primarily public service corporation taxes ($10.57 million), real estate taxes ($5.8 million) and personal property taxes ($1.09 mil). Approximately 80% of the County's revenue from governmental activities is derived from property taxes as shown in the table of Revenue Classified by Source (Exhibit 3).

The other local taxes revenue category, which includes local sales and use taxes, business and automobile licenses, utility consumption and communication taxes and the recordation tax totaled $754,536 and is the second largest local revenue source. This represented a 13.5% increase over the previous year due primarily to a 38% increase in sales tax revenue. Revenue from the use of money and property is associated with investments; a significant decrease is partly due to a continued decline in short-term interest rates.

Revenues Classified by Source - Governmental Funds

	June 30, 2009		June 30, 2008		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Property Taxes	17,637,845	79.92%	17,442,571	80.01%	195,274	1.12%
Other Local Taxes	754,536	3.42%	664,638	3.05%	89,898	13.53%
Permits, fees and regulatory licenses	48,036	0.22%	61,447	0.28%	(13,411)	-21.83%
Fines & Forfeitures	24,902	0.11%	15,245	0.07%	9,657	63.35%
Use of Money & Property	249,149	1.13%	469,209	2.15%	(220,060)	-46.90%
Charges for Services	74,826	0.34%	81,625	0.37%	(6,799)	-8.33%
Miscellaneous & Recovered Cost	37,791	0.17%	55,365	0.25%	(17,574)	-31.74%
Intergovernmental:						
Commonwealth	2,350,015	10.65%	2,135,005	9.79%	215,010	10.07%
Federal	893,467	4.05%	876,693	4.02%	16,774	1.91%
Total Revenues	**22,070,567**	**100%**	**21,801,798**	**100%**	**268,769**	**1.23%**

Intergovernmental Revenue consisting of state and federal revenues totaled $3.24 million during FY2009, increased by $238,000 or 7.69%. Revenue from the commonwealth for non categorical aid remained constant in FY 2009 with the majority of this source consisting of the personal property tax relief reimbursement of $677,907. Revenue for shared expenses of the constitutional offices and electoral board/registrar increased by $38,000 while other categorical aid consisting of *welfare administration* and *federal & state grants* increased by $75,000 and $120,000 respectively.

Governmental Funds Expenditure Analysis

The following table of Expenditures by Function compares current year to prior year amounts (Exhibit 5). The accompanying analysis provides additional information on the County's expenditures by function that changed significantly over the prior year.

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Expenditures by Function - Governmental Funds

	June 30, 2009		June 30, 2008		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government Administration	1,554,499	7.43%	1,279,711	6.09%	274,788	17.68%
Judicial Administration	396,862	1.90%	346,303	1.65%	50,559	12.74%
Public Safety	2,536,356	12.13%	2,283,851	10.87%	252,505	9.96%
Public Works	1,022,167	4.89%	990,575	4.72%	31,592	3.09%
Health & Welfare	2,361,067	11.29%	2,293,730	10.92%	67,337	2.85%
Education	10,921,288	52.23%	12,087,402	57.55%	(1,166,114)	-10.68%
Parks, Recreation & Cultural	540,575	2.59%	506,431	2.41%	34,144	6.32%
Community Development	433,494	2.07%	463,846	2.21%	(30,352)	-7.00%
Debt Service: Principal Retirement	734,832	3.51%	671,901	3.20%	62,931	8.56%
Debt Service: Interest Payments	408,867	1.96%	79,989	0.38%	328,878	80.44%
Total Expenditures	**20,910,007**	**100%**	**21,003,739**	**100%**	**(93,732)**	**-0.45%**

The County's total general fund expenditures of $20.9 million for the fiscal year ended June 30, 2009 cover a wide range of services, with 52.2% or $10.92 million for education (payments to the School System, a component unit), 12% or $2.53 million for public safety, 11.29% or $2.36 million for health and welfare services, 7.4% or $1.55 million related to general government administration, $1.14 million or 5.4% for debt service and 4.89% or $1.02 million for public works. The remaining 6.56% include expenditures for other services to include parks & recreation, community development and judicial administration. Expenditures for the fiscal year ended June 30, 2009 (excluding education) increased by 12.0% from the previous year. Salary increases ranging from 2-3% across the board, increases in the Virginia Retirement System rates, workers compensation cost and filing of vacant and new positions in judicial administration, general government administration and public safety are all factors associated with this increase. Others include:

- **General Government Administration –** Legal cost associated with environmental issues potentially impacting the County up $80,000, contingency acquisition of county property, $37,000;
- **Public Safety –** Increased costs for care and confinement of prisoners up $30,000, grant expenditures in the amount of $140,000 for the Sheriff's Department, fully reimbursed to the County in FY 2009 and FY 2010; re-classification of emergency E911 fund to the general fund with expenditures totaling $25,000 and animal control program expenses were up $15,000 for shelter operations.
- **Public Works** – Increased costs for the maintenance of grounds and current and new facilities up $51,000 in electricity costs.
- **Health & Welfare** – The local contribution to the Health Department was $39,000 more due to the payment of three quarters of the contribution in the prior fiscal year.
- **Debt Service Administration** – Total principal and interest payments grew nearly $400,000 or 52% in FY 2009 primarily due to the capitalized interest payments due on the $15.0 million note and the payments due on newly issued debt during FY 2009. Details on long-term debt are included in the notes to the financial statements.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The **General Fund** is the primary operating fund of the County. At the end of the current fiscal year, unreserved fund balance was $9,744,681, a decrease of $425,534 from the prior year. Primarily, the County's ending fund balance at June 30th is used to fund financial obligations of the County from July through December 5th of each year at which time the County receives its largest payment of revenue. From July 1st, the beginning of its fiscal year, to December 5th, only a small percentage of the County's total revenue for fiscal year is received. This percentage includes portions of federal and state reimbursements, fees for services, permits and fines, and a very small amount of tax payments. Therefore, not all of the $9.7 million is available for spending at the County's discretion.

Please note the following regarding the General Fund:

- The FY 2010 budget includes a provision for the use of $1.78 million of the fund balance remaining at the conclusion of FY 2009 to finance both the operating and capital project expenditures of the County. The use of unreserved fund balance was a critical resource in light of economic challenges impacting the FY2010 budget.

- As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance of the general fund represents 46.6% of total general fund expenditures, which is well above the County's policy of maintain reserves of at least 25% of general fund expenditures and county funded capital project expenditures.

The **Capital Projects Fund** consists of the non-operating expenditures to reflect the capital needs of the County (i.e. building improvement projects, technology improvements, special projects and studies, highway improvements, etc.). The fund's balance of $4,140,348 reflects the remaining assets available for construction projects at June 30, 2009.

Please note the following regarding the Capital Projects Fund:

- The fund balance of $4.14 million is reserved for major projects financed by bond and loan proceeds:
  - Renovation of Surry County High School
  - Public Safety- Acquisition of Vehicles, Equipment & Fire Station Modification
  - Courthouse/Government Center Renovation Project which was 90% complete at June 30, 2009.

- Total expenditures in the fund for FY2009 were $5,527,490 comprised of the following:
  - 82.8% or $4.57 million represent expenditures for projects financed via debt; proceeds are reimbursed to the County. Of this amount, $2.21 million represented expenditures associated with the courthouse/government center expansion and renovation project, down from $7.8 million spent in the prior year; expenditures for the public safety project was $1.53 million and $823,497 was expended for the High School Renovation Project.
  - Projects associated with reimbursed based grants represent 9.4% of the total capital project expenditures or $523,374
  - The remaining 7.8% or $432,000 represents projects financed by the County on a pay-as-you-go basis.

General Fund Budgetary Highlights

Surry County generally takes a conservative approach to financial management, staying well within budgetary limits for expenditures during the fiscal year. Fiscal year 2009 had general fund operating expenditures of $1.16 million below the revised budget. The County's budget was amended during FY2009 to reflect grants, carry forward of unspent appropriations from FY 2008 and other unanticipated revenues. The overall difference between current fiscal year original budget and the final amended budget was $282,184. The net increase in expenditure allocation is primarily associated with following:

- A decrease of $31,667 in general government administration which represent governmental transfers and payments from the Contingency Fund. The following departments received supplemental appropriations from the Contingency Fund:

  - Animal Control - $25,000 (Facility and equipment upgrades)
  - The Improvement Association- $1,667 (Local match requirement for grant)
  - Sussex County - $5,000 (Use of court facilities)

- Public Safety increased by $287,454 for the following reasons:
  - $16,128 to Fire and Rescue agencies in Fire Program grant funds
  - $13,240 in Four- For- Life funds for the Surry Rescue Squad
  - Federal and state grant funds (Buffer Zone Protection Equipment) to the Sheriff Department in the amount of $161,475
  - $67,916 to Emergency Services due to the allocation of various state and federal grants related to Homeland Security and Radiological Preparedness.

- Health & Welfare increased by $10,000 for Project Plead grant funds allocated to the Improvement Association.
- An increase of $15,454 spreaded throughout various other departments.

Capital Asset and Debt Administration

Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2009 amounts to $19.97 million (net of accumulated depreciation). This represents a net increase of 3.27 million (net of depreciation) primarily related to construction in progress and related equipment. The investment in capital assets includes land, buildings, systems, and machinery and equipment. Additional information on the County's capital assets can be found in the notes of this report.

Major capital asset events during the fiscal year included the following:

- Construction in progress of the Surry County High School. $823,000 was spent on the project at year. The project will continue through FY 2010.
- Construction in progress for the courthouse/government center project. Expenditures for the project in FY2009 were $2.2 million. A portion of the proceeds remaining from this project will be used to help finance the High School Renovation Project.
- Acquisition of fire trucks and public safety equipment in the amount of $1.530 mil. This project will continue through FY 2010.

Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of $21.9 million (excluding compensated absences, OPEB and landfill liability). Of this amount, $15.1 comprises debt backed by the full faith and credit of the County via bank loans payables and capital leases. The remainder of the County's debt represents bonds secured solely by specified revenue sources through revenue bonds.

The amount of debt outstanding related to School Board activities is $3.8 million of the total outstanding general obligation bonds of the governmental activities.

During the current fiscal year, the County's total debt decreased by $836,237 (excludes compensated absences, OPEB and landfill liability).

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

Economic Factors and Next Year's Budget and Rates

- The average unemployment rate for the County for the fiscal year ending June 30, 2009 was 7.6%, an increase of 3.1 percent from the same period last year. The rate at December 2008 increased to 5.6%, just above the state's average unemployment rate of 5.1%. Generally, the County's unemployment rate has tracked slightly above the state's average.

- The fiscal year 2010 operating budget for all funds is $28.4 mil, an increase of 2.2% from the fiscal year 2009 budget.

- Tax rates for future periods are dependent on the effects of fluctuations in the assessed valuations of real property. For 2010, the real estate tax rate remained at $0.70 per $100 of assessed value.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

County of Surry, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and cash equivalents	$ 15,887,689	$ 49,949	$ 15,937,638	$ 436,011
Receivables (net of allowance for uncollectibles):				
Taxes receivable	741,870	-	741,870	-
Accounts receivable	9,248	5,340	14,588	-
Due from other governmental units	472,727	-	472,727	842,820
Capital assets (net of accumulated depreciation):				
Land and land improvements	685,158	3,636	688,794	158,330
Buildings and system	4,162,943	6,932,300	11,095,243	8,604,387
Equipment	2,127,846	89,994	2,217,840	2,109,056
Construction in progress	12,996,584	-	12,996,584	737,776
Total assets	$ 37,084,065	$ 7,081,219	$ 44,165,284	$ 12,888,380
LIABILITIES				
Accounts payable	$ 1,282,333	$ 28,201	$ 1,310,534	$ 55,970
Accrued liabilities	-	-	-	1,204,454
Accrued interest payable	372,188	1,484	373,672	-
Due to other governmental units	647,864	-	647,864	-
Unearned revenue	2,615	-	2,615	-
Long-term liabilities:				
Due within one year	1,226,492	51,393	1,277,885	9,186
Due in more than one year	21,685,819	1,006,924	22,692,743	95,272
Total liabilities	$ 25,217,311	$ 1,088,002	$ 26,305,313	$ 1,364,882
NET ASSETS				
Invested in capital assets, net of related debt	$ 1,240,925	$ 5,967,613	$ 7,208,538	$ 11,609,549
Unrestricted (deficit)	10,625,829	25,604	10,651,433	(86,051)
Total net assets	$ 11,866,754	$ 5,993,217	$ 17,859,971	$ 11,523,498
Total liabilities and net assets	$ 37,084,065	$ 7,081,219	$ 44,165,284	$ 12,888,380

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

County of Surry, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: School Board
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$ 1,864,806	$ -	$ 265,589	$ -	$ (1,599,217)		$ (1,599,217)	
Judicial administration	358,576	56,959	206,926	-	(94,691)		(94,691)	
Public safety	2,907,399	48,335	692,379	-	(2,166,685)		(2,166,685)	
Public works	1,237,489	21,849	6,337	-	(1,209,303)		(1,209,303)	
Health and welfare	2,368,475	-	1,374,316	-	(994,159)		(994,159)	
Education	11,734,160	-	-	-	(11,734,160)		(11,734,160)	
Parks, recreation, and cultural	567,971	20,621	-	-	(547,350)		(547,350)	
Community development	923,784	-	-	76,580	(847,204)		(847,204)	
Interest on long-term debt	836,260	-	-	-	(836,260)		(836,260)	
Total governmental activities	$ 22,798,920	$ 147,764	$ 2,545,547	$ 76,580	$ (20,029,029)		$ (20,029,029)	
Business-type activities:								
Water and sewer	$ 383,367	$ 41,575	$ -	$ -		$ (341,792)	$ (341,792)	
Total business-type activities	$ 383,367	$ 41,575	$ -	$ -		$ (341,792)	$ (341,792)	
Total primary government	$ 23,182,287	$ 189,339	$ 2,545,547	$ 76,580			$ (20,370,821)	
COMPONENT UNIT:								
School Board	$ 16,884,173	$ 286,665	$ 5,221,774	$ -				$ (11,375,734)
Total component unit	$ 16,884,173	$ 286,665	$ 5,221,774	$ -				$ (11,375,734)
General revenues:								
General property taxes					$ 17,728,739	$ -	$ 17,728,739	$ -
Other local taxes:								
Local sales and use taxes					490,364	-	490,364	-
Other local taxes					264,172	-	264,172	-
Unrestricted revenues from use of money and property					299,565	-	299,565	1,845
Miscellaneous					24,255	-	24,255	75,321
Payments from Surry County					-	-	-	11,728,955
Grants and contributions not restricted to specific programs					697,935	-	697,935	-
Transfers					(267,361)	267,361	-	-
Total general revenues					$ 19,237,669	$ 267,361	$ 19,505,030	$ 11,806,121
Change in net assets					$ (791,360)	$ (74,431)	$ (865,791)	$ 430,387
Net assets - beginning					12,658,114	6,067,648	18,725,762	11,093,111
Net assets - ending					$ 11,866,754	$ 5,993,217	$ 17,859,971	$ 11,523,498

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

Exhibit 3

County of Surry, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	General	County Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 10,232,884	$ 5,037,535	$ 617,270	$ 15,887,689
Receivables (net of allowance for uncollectibles):				
Taxes receivable	741,870	-	-	741,870
Accounts receivable	9,248	-	-	9,248
Due from other governmental units	472,727	-	-	472,727
Total assets	$ 11,456,729	$ 5,037,535	$ 617,270	$ 17,111,534
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 385,146	$ 897,187	$ -	$ 1,282,333
Due to other governmental units	647,864	-	-	647,864
Deferred revenue	679,038	-	-	679,038
Total liabilities	$ 1,712,048	$ 897,187	$ -	$ 2,609,235
Fund balances:				
Unreserved, reported in:				
General fund	$ 9,744,681	$ -	$ -	$ 9,744,681
Special revenue funds	-	-	617,270	617,270
Capital projects funds	-	4,140,348	-	4,140,348
Total fund balances	$ 9,744,681	$ 4,140,348	$ 617,270	$ 14,502,299
Total liabilities and fund balances	$ 11,456,729	$ 5,037,535	$ 617,270	$ 17,111,534

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

Exhibit 4

County of Surry, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 14,502,299
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,972,531
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		676,423
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Capital leases	$ (123,373)	
General obligation bonds	(3,719,681)	
Revenue bond payable	(2,010,296)	
Bank loan payable	(15,000,000)	
Compensated absences	(243,146)	
OPEB Liability	(6,200)	
Landfill postclosure care	(1,809,615)	
Accrued interest payable	(372,188)	(23,284,499)
Net assets of governmental activities		$ 11,866,754

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

Exhibit 5

County of Surry, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	General	County Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 17,637,845	$ -	$ -	$ 17,637,845
Other local taxes	754,536	-	-	754,536
Permits, privilege fees, and regulatory licenses	48,036	-	-	48,036
Fines and forfeitures	24,902	-	-	24,902
Revenue from the use of money and property	249,149	50,401	15	299,565
Charges for services	74,826	-	-	74,826
Miscellaneous	20,081	-	4,174	24,255
Recovered costs	17,710	-	-	17,710
Intergovernmental revenues:				
Commonwealth	2,350,015	26,700	-	2,376,715
Federal	893,467	49,880	-	943,347
Total revenues	$ 22,070,567	$ 126,981	$ 4,189	$ 22,201,737
EXPENDITURES				
Current:				
General government administration	$ 1,554,499	$ -	$ -	$ 1,554,499
Judicial administration	396,862	-	-	396,862
Public safety	2,536,356	-	-	2,536,356
Public works	1,022,167	-	-	1,022,167
Health and welfare	2,361,067	-	-	2,361,067
Education	10,921,288	-	-	10,921,288
Parks, recreation, and cultural	540,575	-	-	540,575
Community development	433,494	-	5,064	438,558
Capital projects	-	5,527,490	-	5,527,490
Debt service:				
Principal retirement	734,832	-	-	734,832
Interest and other fiscal charges	408,867	322,250	-	731,117
Total expenditures	$ 20,910,007	$ 5,849,740	$ 5,064	$ 26,764,811
Excess (deficiency) of revenues over (under) expenditures	$ 1,160,560	$ (5,722,759)	$ (875)	$ (4,563,074)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 22,659	$ 1,341,392	$ -	$ 1,364,051
Transfers out	(1,608,753)	(22,659)	-	(1,631,412)
Issuance of bonds	-	5,050,000	-	5,050,000
Bond issuance premium	-	69,681	-	69,681
Total other financing sources (uses)	$ (1,586,094)	$ 6,438,414	$ -	$ 4,852,320
Net change in fund balances	$ (425,534)	$ 715,655	$ (875)	$ 289,246
Fund balances - beginning	10,170,215	3,424,693	618,145	14,213,053
Fund balances - ending	$ 9,744,681	$ 4,140,348	$ 617,270	$ 14,502,299

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

Exhibit 6

County of Surry, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds		$ 289,246
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:		
Capital outlay	$ 4,625,048	
Depreciation	(535,843)	
Transfer of joint tenancy assets to Component Unit from Primary Government	(812,872)	3,276,333
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		90,894
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The following is a summary of items supporting this adjustment:		
Principal retired on capital leases	$ 290,128	
Principal retired on school general obligation bonds	355,000	
Principal retired on revenue bond payable	89,704	
Issuance of revenue bond payable	(2,100,000)	
Issuance of general obligation bonds	(2,950,000)	
Bond issuance premium	(69,681)	
Decrease in landfill postclosure liability	101,771	(4,283,078)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Decrease (increase) in accrued leave	$ (53,412)	
Decrease (increase) in OPEB liability	(6,200)	
Decrease (increase) in interest payable	(105,143)	(164,755)
Change in net assets of governmental activities		$ (791,360)

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

Exhibit 7

County of Surry, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Enterprise Fund Water and Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	$ 49,949
Accounts receivable, net of allowance for uncollectibles	5,340
Total current assets	$ 55,289
Noncurrent assets:	
Capital assets:	
Utility plant in service	$ 7,898,176
Less accumulated depreciation	(965,876)
Land	3,636
Machinery and equipment	119,992
Less accumulated depreciation	(29,998)
Total capital assets	$ 7,025,930
Total noncurrent assets	$ 7,025,930
Total assets	$ 7,081,219
LIABILITIES	
Current liabilities:	
Accounts payable	$ 28,201
Accrued interest payable	1,484
Bonds payable - current portion	51,393
Total current liabilities	$ 81,078
Noncurrent liabilities:	
Bonds payable - net of current portion	$ 1,006,924
Total noncurrent liabilities	$ 1,006,924
Total liabilities	$ 1,088,002
NET ASSETS	
Invested in capital assets, net of related debt	$ 5,967,613
Unrestricted	25,604
Total net assets	$ 5,993,217

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

Exhibit 8

County of Surry, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund Water and Sewer
OPERATING REVENUES	
Charges for services:	
Water and sewer revenues	$ 41,575
Total operating revenues	$ 41,575
OPERATING EXPENSES	
Other supplies and expenses	$ 137,899
Depreciation	203,454
Total operating expenses	$ 341,353
Operating income (loss)	$ (299,778)
NONOPERATING REVENUES (EXPENSES)	
Interest expense	$ (42,014)
Total nonoperating revenues (expenses)	$ (42,014)
Income before contributions and transfers	$ (341,792)
Transfers in	$ 267,361
Change in net assets	$ (74,431)
Total net assets - beginning	6,067,648
Total net assets - ending	$ 5,993,217

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

Exhibit 9

County of Surry, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 40,534
Payments to suppliers	(117,594)
Net cash provided (used) by operating activities	$ (77,060)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	$ 267,361
Net cash provided (used) by noncapital financing activities	$ 267,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	$ (101,405)
Interest payments	(42,126)
Net cash provided (used) by capital and related financing activities	$ (143,531)
Net increase (decrease) in cash and cash equivalents	$ 46,770
Cash and cash equivalents - beginning	3,179
Cash and cash equivalents - ending	$ 49,949
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (299,778)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	203,454
(Increase) decrease in accounts receivable	(1,041)
Increase (decrease) in accounts payable	20,305
Total adjustments	$ 222,718
Net cash provided (used) by operating activities	$ (77,060)

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

Exhibit 10

County of Surry, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 13,513
Total assets	$ 13,513
LIABILITIES	
Amounts held for social services clients	$ 7,564
Amounts held for others	5,949
Total liabilities	$ 13,513

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

Note 1—Summary of Significant Accounting Policies:

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

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

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-Wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

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

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the reporting model, governments provide budgetary comparison information in their annual reports, including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

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

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2009.

Discretely Presented Component Units. The School Board members are elected by the citizens of Surry County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2009.

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

None

Excluded from the County's Annual Financial Report

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the Cities of Colonial Heights, Emporia, Hopewell, Petersburg and the Counties of Surry, Greensville, Dinwiddie, Prince George and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Surry County contributed $56,867 to the District 19 Community Services Board for the fiscal year ended June 30, 2009.

Riverside Regional Jail

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

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

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

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

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

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

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

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

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

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

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

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

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

Governmental Funds

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

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

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from 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 County's Enterprise Funds consist of the Water & Sewer Fund.

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

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

Governmental Funds (Continued)

The County reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

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

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $121,989 at June 30, 2009 and is comprised of property taxes of $117,063 and water and sewer charges of $4,926.

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

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

	Real Property	Personal Property
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

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

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County's policy is to fund pension cost as it accrues.

K. Use of Estimates

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

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

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

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.

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

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

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2009.

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2009 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 10,751,838
U.S. Treasury Money Market Fund	667,360
Virginia State Non-Arbitrage Pool	2,584,375
Total	$ 14,003,573

Interest Rate Risk

According to the County's investment policy, funds should be invested with maturity dates that will help meet semi-monthly cash requirements.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than 1 Year
U.S. Treasury Money Market Fund	$ 667,360	$ 667,360
Total	$ 667,360	$ 667,360

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As the LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

Note 4—Due to/from Other Governments:

At June 30, 2009, the County has receivables due from other governments as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Surry	$ -	$ 647,864
Commonwealth of Virginia:		
Local sales tax	114,555	-
Rolling stock tax	70	-
State Sales Tax	-	144,609
Constitutional officer reimbursements	111,427	-
GOSAP grant	1,197	-
Recordation tax	3,660	-
Animal friendly plates	30	-
Mobile home titling tax	1,812	-
Communications tax	7,776	-
Welfare	50,463	-
Comprehensive services	82,805	-
E-911 wireless grant	9,893	-
Victim witness grant	3,511	-
Federal Government:		
GOSAP grant	1,197	-
School fund grants	-	50,347
Welfare	84,331	-
Total due from other governments	$ 472,727	$ 842,820

At June 30, 2009, amounts due to other local governments are as follows:

Other Local Governments:	
Surry County School Board	$ 647,864
	$ -

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Primary Government:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 685,158	$ -	$ -	$ 685,158
Jointly owned assets-Construction in progress	-	823,497	737,776	85,721
Construction in progress	10,693,327	2,217,536	-	12,910,863
Total capital assets not subject to depreciation	$ 11,378,485	$ 3,041,033	$ 737,776	$ 13,681,742
Capital assets subject to depreciation:				
Buildings and improvements	$ 5,428,509	$ -	$ -	$ 5,428,509
Equipment	2,614,801	1,584,015	-	4,198,816
Jointly owned assets	2,223,506	-	17,764	2,205,742
Total capital assets subject to depreciation	$ 10,266,816	$ 1,584,015	$ 17,764	$ 11,833,067
Less accumulated depreciation for:				
Buildings and improvements	$ 2,104,031	$ 141,439	$ -	$ 2,245,470
Equipment	1,676,566	394,404	-	2,070,970
Jointly owned assets	1,168,506	67,204	9,872	1,225,838
Total accumulated depreciation	$ 4,949,103	$ 603,047	$ 9,872	$ 5,542,278
Total capital assets subject to depreciation, net	$ 5,317,713	$ 980,968	$ 7,892	$ 6,290,789
Governmental activities capital assets, net	$ 16,696,198	$ 4,022,001	$ 745,668	$ 19,972,531

Note 5—Capital Assets: (Continued)

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Proprietary Fund:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 3,636	$ -	$ -	$ 3,636
Total capital assets not subject to depreciation	$ 3,636	$ -	$ -	$ 3,636
Capital assets subject to depreciation:				
Utility Plant in Service	$ 7,898,176	$ -	$ -	$ 7,898,176
Equipment	119,992	-	-	119,992
Total capital assets subject to depreciation	$ 8,018,168	$ -	$ -	$ 8,018,168
Less: accumulated depreciation for:				
Utility Plant in Service	$ 768,420	$ 197,456	$ -	$ 965,876
Equipment	24,000	5,998	-	29,998
Total accumulated depreciation	$ 792,420	$ 203,454	$ -	$ 995,874
Total capital assets subject to depreciation, net	$ 7,225,748	$ (203,454)	$ -	$ 7,022,294
Proprietary fund capital assets, net	$ 7,229,384	$ (203,454)	$ -	$ 7,025,930

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Component Unit-School Board:				
Capital assets not subject to depreciation:				
Land and land improvements	$ 158,330	$ -	$ -	$ 158,330
Construction in progress - jointly owned assets	-	737,776	-	737,776
Total capital assets not subject to depreciation	$ 158,330	$ 737,776	$ -	$ 896,106
Capital assets subject to depreciation:				
Equipment	$ 3,558,862	$ 607,640	$ 121,000	$ 4,045,502
Building improvement	184,686	-	-	184,686
Jointly owned assets	18,966,445	17,764	-	18,984,209
Total capital assets subject to depreciation	$ 22,709,993	$ 625,404	$ 121,000	$ 23,214,397
Less: accumulated depreciation for:				
Equipment	$ 1,691,826	$ 365,620	$ 121,000	$ 1,936,446
Building improvement	9,447	4,617	-	14,064
Jointly owned assets	9,967,321	583,123	-	10,550,444
Total accumulated depreciation	$ 11,668,594	$ 953,360	$ 121,000	$ 12,500,954
Total capital assets subject to depreciation, net	$ 11,041,399	$ (327,956)	$ -	$ 10,713,443
Component unit school board capital assets, net	$ 11,199,729	$ 409,820	$ -	$ 11,609,549

Note 5—Capital Assets: (Continued)

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

Governmental activities:	
General government administration	$ 91,695
Judicial administration	4,380
Public safety	348,278
Public works	33,613
Health and welfare	12,646
Education	57,332
Parks, recreation and cultural	16,478
Community development	28,753
Total Governmental activities	$ 593,175
Business-type activities	$ 203,454
Component Unit School Board	$ 953,360

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 22,659	$ 1,608,753
County Capital Projects Fund	1,341,392	22,659
Water and Sewer Fund	267,361	-
Total	$ 1,631,412	$ 1,631,412

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorizations.

Note 7—Long Term Obligations:

The following is a summary of long-term obligation transactions of the County for the year ended June 30, 2009:

Primary Government:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Claims, judgments and compensated absences payable	$ 189,734	$ 72,385	$ 18,973	$ 243,146	$ 24,315
Capital leases (Note 8)	64,685	-	45,385	19,300	19,300
Bank loan payable	15,000,000	-	-	15,000,000	515,000
Revenue bond payable	-	2,100,000	89,704	2,010,296	183,804
OPEB Liability	-	10,000	3,800	6,200	-
Landfill postclosure care	1,911,386	-	101,771	1,809,615	-
Total incurred by County	$ 17,165,805	$ 2,182,385	$ 259,633	$ 19,088,557	$ 742,419
Incurred by School Board:					
General obligation bonds	$ 1,055,000	$ 2,950,000	$ 355,000	$ 3,650,000	$ 380,000
Bond premium	-	69,681	-	69,681	-
Capital lease (Note 8)	348,816	-	244,743	104,073	104,073
Total incurred by School Board	$ 1,403,816	$ 3,019,681	$ 599,743	$ 3,823,754	$ 484,073
Total General Fund Obligations	$ 18,569,621	$ 5,202,066	$ 859,376	$ 22,912,311	$ 1,226,492
Incurred by Enterprise Fund:					
Revenue bond payable	$ 1,159,722	$ -	$ 101,405	$ 1,058,317	$ 51,393
Total incurred by Enterprise Fund	$ 1,159,722	$ -	$ 101,405	$ 1,058,317	$ 51,393
Total Primary Government Obligations	$ 19,729,343	$ 5,202,066	$ 960,781	$ 23,970,628	$ 1,277,885

Note 7—Long Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

	Enterprise Fund Obligations		County Obligations			
	Revenue Bonds Payable		Bank Loan		Revenue Bonds Payable	
Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 51,393	$ 38,279	$ 515,000	$ 609,772	$ 183,804	$ 68,765
2011	53,026	36,645	535,000	588,452	189,826	62,280
2012	54,712	34,959	560,000	566,313	196,045	55,582
2013	56,454	33,217	585,000	543,045	202,469	48,664
2014	58,251	31,420	605,000	518,855	209,102	41,520
2015	60,108	29,563	625,000	496,845	215,953	34,142
2016	62,025	27,646	660,000	467,913	223,029	26,523
2017	64,005	25,667	685,000	440,545	230,336	18,643
2018	66,048	23,623	710,000	412,255	237,883	10,526
2019	68,159	21,513	740,000	382,837	121,849	2,132
2020	70,339	19,333	775,000	352,088	-	-
2021	8,336	17,559	810,000	320,005	-	-
2022	8,719	17,177	840,000	286,488	-	-
2023	9,120	16,776	875,000	251,637	-	-
2024	9,539	16,357	910,000	215,455	-	-
2025	9,977	15,919	940,000	177,837	-	-
2026	10,436	15,460	990,000	138,785	-	-
2027	10,915	14,981	1,025,000	97,785	-	-
2028	11,416	14,480	1,065,000	55,453	-	-
2029	11,941	13,955	550,000	11,275	-	-
2030	12,489	13,407	-	-	-	-
2031	13,063	12,833	-	-	-	-
2032	13,663	12,233	-	-	-	-
2033	14,291	11,605	-	-	-	-
2034	14,948	10,949	-	-	-	-
2035	15,634	10,262	-	-	-	-
2036	16,353	9,544	-	-	-	-
2037	17,104	8,792	-	-	-	-
2038	17,890	8,007	-	-	-	-
2039	18,711	7,185	-	-	-	-
2040	19,571	6,325	-	-	-	-
2041	20,470	5,426	-	-	-	-
2042	21,410	4,486	-	-	-	-
2043	22,394	3,502	-	-	-	-
2044	23,423	2,473	-	-	-	-
2045	24,499	1,397	-	-	-	-
2046	17,485	312	-	-	-	-
Total	$ 1,058,317	$ 593,267	$ 15,000,000	$ 6,933,640	$ 2,010,296	$ 368,777

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	School Obligations General Obligation Bonds Principal	Interest
2010	$ 380,000	$ 188,365
2011	345,000	156,143
2012	180,000	142,530
2013	135,000	105,340
2014	145,000	129,570
2015	110,000	124,185
2016	115,000	119,572
2017	125,000	114,028
2018	130,000	107,525
2019	135,000	100,768
2020	145,000	93,446
2021	150,000	85,555
2022	160,000	77,262
2023	170,000	68,435
2024	180,000	59,072
2025	185,000	49,309
2026	200,000	39,010
2027	210,000	28,305
2028	220,000	17,340
2029	230,000	5,865
Total	$ 3,650,000	$ 1,811,625

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Long-term obligations at June 30, 2009 are as follows:

	Total Amount
Incurred by County:	
Bank Loans Payable:	
$9,000,000 IDA Bank Loan Series 2006 B issued December 14, 2006, payable in various annual installments through August 1, 2028, interest payable semi-annually at 4.10%	$ 9,000,000
$6,000,000 IDA Bank Loan Series 2007 issued January 23, 2007, payable in various annual installments through August 1, 2028, interest payable semi-annually at 4.10%	6,000,000
Total Bank Loans Payable	$ 15,000,000
$2,100,000 lease revenue bond issued August 12, 2008, payable in various annual installments through August 15, 2018, interest payable semi-annually at 3.25%.	$ 2,010,296
Capital leases (Note 8)	$ 19,300
Landfill postclosure care liability (Note 15)	$ 1,809,615
OPEB Liability (Note 16)	$ 6,200
Compensated absences (payable by General Fund)	$ 243,146
Total incurred by County	$ 19,088,557
Incurred by School Board:	
General Obligation Bonds:	
$6,445,000 School Bonds issued November 18, 1993, payable in various annual installments through December 15, 2014, interest payable semi-annually at 4.73%	$ 440,000
$1,335,000 School Bond issued May 18, 2000 payable in various annual installments through July 15, 2010, interest payable semi-annually at 5.29%	260,000
$2,950,000 School Bond issued December 11, 2008 payable in various annual installments through January 15, 2029, interest payable semi-annually ranging from 4.10% to 5.35%.	2,950,000
Total General Obligation Bonds	$ 3,650,000
Bond issuance premium	$ 69,681
Capital Leases (Note 8)	$ 104,073
Total incurred by School Board	$ 3,823,754

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

	Total Amount
Enterprise Fund:	
Revenue Bonds Payable:	
$937,575 Revenue Bond issued through the Virginia Resources Authority, payable in semi-annual installments of $31,888 (principal and interest), interest payable semi-annually at 3.00%	$ 593,775
$470,000 Sewer System Revenue Bond issued through the U.S. Department of Agriculture, payable in monthly installments of $2,158 (principal and interest) through March 1, 2046, interest payable at 4.500%	464,542
Total Revenue Bonds Payable	$ 1,058,317
Total Long-Term Obligations, Enterprise Fund	$ 1,058,317
Total Long-Term Obligations, Primary Government	$ 23,970,628

Component Unit - School Board:

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	$ 106,618	$ -	$ 14,760	$ 91,858	$ 9,186
OPEB Liability	-	29,200	16,600	12,600	-
Total Component Unit-School Board	$ 106,618	$ 29,200	$ 31,360	$ 104,458	$ 9,186

Note 8—Capital Leases:

The government has entered into lease agreements as lessee for financing the acquisition of equipment & vehicles. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Primary Government	
	Incurred by County	Incurred by School Board
Asset:		
Equipment	$ 173,735	$ 879,295
Less: accumulated depreciation	(173,735)	(154,612)
Total	$ -	$ 724,683

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

	Primary Government	
Year Ended June 30	Incurred by County	Incurred by School Board
2010	$ 19,439	$ 104,824
Total minimum lease payments	$ 19,439	$ 104,824
Less: amount representing interest	(139)	(751)
Present value of minimum lease payments	$ 19,300	$ 104,073

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling $679,038 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled $676,423 at June 30, 2009.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2009 but paid in advance by the taxpayers totaled $2,615 at June 30, 2009.

Note10– Commitments and Contingent Liabilities:

Federal programs in which the County and its discretely presented component unit participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The following construction contracts were outstanding at June 30, 2009:

Project	Contractor	Contract Amount	Amount Outstanding
Circuit Court Renovations	WM Schlosser Co. Inc	$ 10,723,000	$ 147,892
High School Renovations	E.T. Gresham Co. Inc	1,907,115	1,476,450

Note 11–Litigation:

At June 30, 2009, there were no matters of litigation involving the County that would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 12 –Risk Management:

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

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

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

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

Note 13 –Defined Benefit Pension Plan:

Primary Government and Discretely Presented Component Unit-School Board:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/pdf/publications/2008AnnuRept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2009 were 7.20% and 6.91% of annual covered payroll, respectively.

The Surry County School Board professional employees current rate is 8.81% of annual covered payroll. The contribution requirements of plan members and Surry County School Board are established and may be amended by the VRS Board of Trustees. The School Board's contributions to VRS for the years ending June 30, 2009, 2008, and 2007 were $701,587, $779,186, and $668,124, respectively, and equal to the required contributions for each year.

Note 13 –Defined Benefit Pension Plan: (Continued)

Primary Government and Discretely Presented Component Unit-School Board: (Continued)

C. Annual Pension Cost

For the fiscal year 2009, the County's annual pension cost of $229,118 (which does not include the employee's share assumed by the County of $159,110) which was equal to the County's required and actual contributions.

For the fiscal year 2009, the County School Board's annual pension cost for the Board's non-professional employees was $71,460 (which does not include the employee's share assumed by the School Board of $51,708) which was equal to the Board's required and actual contributions.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
County:			
June 30, 2009	$ 229,118	100%	$ -
June 30, 2008	166,064	100%	-
June 30, 2007	157,075	100%	-
School Board:			
Non-Professional:			
June 30, 2009	$ 71,460	100%	$ -
June 30, 2008	41,478	100%	-
June 30, 2007	41,837	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County's and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County's and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

Note 13 –Defined Benefit Pension Plan: (Continued)

Primary Government and Discretely Presented Component Unit-School Board: (Continued)

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 91.25% funded. The actuarial accrued liability for benefits was $12,921,580, and the actuarial value of assets was $11,791,428, resulting in an unfunded actuarial accrued liability (UAAL) of $1,130,152. The covered payroll (annual payroll of active employees covered by the plan) was $2,998,520, and ratio of the UAAL to the covered payroll was 37.69%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board's Non-Professional plan was 94.52% funded. The actuarial accrued liability for benefits was $4,803,356, and the actuarial value of assets was $4,540,241, resulting in an unfunded actuarial accrued liability (UAAL) of $263,114. The covered payroll (annual payroll of active employees covered by the plan) was $940,194, and ratio of the UAAL to the covered payroll was 27.99%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 14 –Surety Bonds:

	Amount
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gail P. Clayton, Clerk of the Circuit Court	$ 380,000
Mary H. Shaw, Treasurer	300,000
Deborah J. Nee, Commissioner of the Revenue	3,000
Harold D. Brown, Sheriff	30,000
The Continental Insurance Company-Surety:	
All Social Services Employees-blanket bond	100,000

Note 15 –Landfill Closure and Postclosure Care Cost:

The $1,809,615 reported as landfill postclosure liability at June 30, 2009, represents the estimated liability for postclosure monitoring. This amount is based on what it would cost to perform all postclosure care in 2009 over a remaining period of 26 years. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

Note 16 –Postemployment Benefits Other Than Pensions:

Plan Description

The County allows retirees that retire at the age of 50 with at least 30 years of service to remain on their health insurance plan. Health benefits include medical, dental and vision. The retiree is responsible for 100% of the premium. Benefits are for the life of the retiree and spouse. The spouse can continue coverage after the death of the retiree. At age 65 the retiree can only enroll in the Key Advantage 65 medical option.

The Surry County Public Schools allows retirees that retire with a combined age and years of service that total at least 85 to remain on the health insurance plan. Health benefits include medical, dental and vision. The retiree is responsible for 100% of the premium. Benefits are for the life of the retiree and spouse as long as its continuous coverage. The spouse can continue coverage after the death of the retiree.

Funding Policy

The County and School Board's retirees pay 100% of the premiums directly to Anthem BCBS. The Schools currently have 3 retirees and 1 spouse on their plan. The County also has 3 retirees and 1 spouse on their plan.

Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC).* The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in accordance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	COUNTY	SCHOOLS
Annual required contribution	$ 10,000	$ 29,200
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	$ 10,000	$ 29,200
Estimated Contributions made	(3,800)	(16,600)
Increase in net OPEB obligation	6,200	12,600
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	$ 6,200	$ 12,600

Note 16 –Postemployment Benefits Other Than Pensions: (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County :			
6/30/2009	$ 10,000	38.00%	$ 6,200
Schools:			
6/30/2009	$ 29,200	56.85%	$ 12,600

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was $113,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $3,081,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.68 percent.

As of January 1, 2009, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was $341,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $8,304,100, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 4.11 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 16 –Postemployment Benefits Other Than Pensions: (Continued)

Actuarial Methods and Assumptions (Continued)

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2010 using Scale AA.

Coverage elections -The actuary assumed that 20% of eligible retirees will elect coverage and that 20% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the County and School Board's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11

County of Surry, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	$ 17,809,972	$ 17,809,972	$ 17,637,845	$ (172,127)
Other local taxes	638,176	638,176	754,536	116,360
Permits, privilege fees, and regulatory licenses	69,179	69,179	48,036	(21,143)
Fines and forfeitures	25,000	25,000	24,902	(98)
Revenue from the use of money and property	573,209	573,209	249,149	(324,060)
Charges for services	67,919	70,077	74,826	4,749
Miscellaneous	10,000	10,630	20,081	9,451
Recovered costs	30,400	32,334	17,710	(14,624)
Intergovernmental revenues:				
Commonwealth	2,330,106	2,433,012	2,350,015	(82,997)
Federal	985,974	1,137,449	893,467	(243,982)
Total revenues	$ 22,539,935	$ 22,799,038	$ 22,070,567	$ (728,471)
EXPENDITURES				
Current:				
General government administration	$ 1,797,804	$ 1,766,137	$ 1,554,499	$ 211,638
Judicial administration	408,234	417,323	396,862	20,461
Public safety	2,514,386	2,801,851	2,536,356	265,495
Public works	1,152,436	1,152,436	1,022,167	130,269
Health and welfare	2,863,908	2,876,205	2,361,067	515,138
Education	11,437,394	11,471,044	10,921,288	549,756
Parks, recreation, and cultural	549,224	549,224	540,575	8,649
Community development	479,768	484,768	433,494	51,274
Debt service:				
Principal retirement	671,278	761,278	734,832	26,446
Interest and other fiscal charges	383,977	384,727	408,867	(24,140)
Total expenditures	$ 22,258,409	$ 22,664,993	$ 20,910,007	$ 1,754,986
Excess (deficiency) of revenues over (under) expenditures	$ 281,526	$ 134,045	$ 1,160,560	$ 1,026,515
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ 22,659	$ 22,659
Transfers out	(372,481)	(372,481)	(1,608,753)	(1,236,272)
Total other financing sources and uses	$ (372,481)	$ (372,481)	$ (1,586,094)	$ (1,213,613)
Net change in fund balances	$ (90,955)	$ (238,436)	$ (425,534)	$ (187,098)
Fund balances - beginning - as restated	213,514	238,436	10,170,215	9,931,779
Fund balances - ending	$ 122,559	$ -	$ 9,744,681	$ 9,744,681

Exhibit 12

County of Surry, Virginia
Schedule of Pension Funding Progress
Last Eight Fiscal Years

Primary Government:

County Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	$ 11,791,428	$ 12,921,580	$ 1,130,152	91.25%	$ 2,998,520	37.69%
6/30/2007	10,848,217	11,697,908	849,691	92.74%	2,877,082	29.53%
6/30/2006	9,603,245	10,523,636	920,391	91.25%	2,776,862	33.15%
6/30/2005	9,020,559	10,220,218	1,199,659	88.26%	2,879,240	41.67%
6/30/2004	8,700,433	8,523,224	(177,209)	102.08%	2,638,908	-6.72%
6/30/2003	8,570,934	7,909,687	(661,247)	108.36%	2,299,979	-28.75%
6/30/2002	8,480,532	7,283,232	(1,197,300)	116.44%	2,430,236	-49.27%
6/30/2001	8,253,145	6,645,362	(1,607,783)	124.19%	2,258,278	-71.20%

Discretely Presented Component Unit:

School Board Non-Professional Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2008	$ 4,540,241	$ 4,803,356	$ 263,115	94.52%	$ 940,194	27.99%
6/30/2007	4,202,162	4,459,257	257,095	94.23%	1,017,784	25.26%
6/30/2006	3,818,648	3,917,932	99,284	97.47%	901,490	11.01%
6/30/2005	3,677,448	3,715,367	37,919	98.98%	955,447	3.97%
6/30/2004	3,635,421	3,603,172	(32,249)	100.90%	996,227	-3.24%
6/30/2003	3,590,492	3,016,020	(574,472)	119.05%	945,295	-60.77%
6/30/2002	3,579,055	3,082,517	(496,538)	116.11%	925,275	-53.66%
6/30/2001	3,457,433	2,823,091	(634,342)	122.47%	960,663	-66.03%

Exhibit 13

County of Surry, Virginia
Schedule of Funding Progress - Retiree Healthcare Plan
For the Year Ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess Funded) Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Payroll ((b-a)/c)
County						
1/1/2009	$ -	$ 113,300	$ 113,300	0.00%	$ 3,081,100	3.68%
School Board:						
1/1/2009	$ -	$ 341,700	$ 341,700	0.00%	$ 8,304,100	4.11%

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

Exhibit 14

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County Capital Projects Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 17,000	$ 17,000	$ 50,401	$ 33,401
Intergovernmental revenues:				
Commonwealth	275,000	275,000	26,700	(248,300)
Federal	1,021,825	1,021,825	49,880	(971,945)
Total revenues	$ 1,313,825	$ 1,313,825	$ 126,981	$ (1,186,844)
EXPENDITURES				
Capital projects	$ 13,326,925	$ 12,844,050	$ 5,527,490	$ 7,316,560
Debt service:				
Interest and other fiscal charges	-	-	322,250	(322,250)
Total expenditures	$ 13,326,925	$ 12,844,050	$ 5,849,740	$ 6,994,310
Excess (deficiency) of revenues over (under) expenditures	$ (12,013,100)	$ (11,530,225)	$ (5,722,759)	$ 5,807,466
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 177,421	$ 177,421	$ 1,341,392	$ 1,163,971
Transfers out	-	-	(22,659)	(22,659)
Issuance of bonds	10,575,000	10,575,000	5,050,000	(5,525,000)
Bond issuance premium	-	-	69,681	69,681
Total other financing sources and uses	$ 10,752,421	$ 10,752,421	$ 6,438,414	$ (4,314,007)
Net change in fund balances	$ (1,260,679)	$ (777,804)	$ 715,655	$ 1,493,459
Fund balances - beginning	1,260,679	1,260,679	3,424,693	2,164,014
Fund balances - ending	$ -	$ 482,875	$ 4,140,348	$ 3,657,473

Exhibit 15

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 15	$ 15
Miscellaneous	-	-	4,174	4,174
Total revenues	$ -	$ -	$ 4,189	$ 4,189
EXPENDITURES				
Current:				
Community development	$ 109,160	$ 109,160	$ 5,064	$ 104,096
Total expenditures	$ 109,160	$ 109,160	$ 5,064	$ 104,096
Excess (deficiency) of revenues over (under) expenditures	$ (109,160)	$ (109,160)	$ (875)	$ 108,285
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 79,160	$ 79,160	$ -	$ (79,160)
Net change in fund balances	$ (30,000)	$ (30,000)	$ (875)	$ 29,125
Fund balances - beginning	30,000	30,000	618,145	588,145
Fund balances - ending	$ -	$ -	$ 617,270	$ 617,270

Exhibit 16

County of Surry, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds			
	Special Welfare	Crater AAA	Emergency Food and Shelter	Total
ASSETS				
Cash and cash equivalents	$ 7,564	$ 5,937	$ 12	$ 13,513
Total assets	$ 7,564	$ 5,937	$ 12	$ 13,513
LIABILITIES				
Amounts held for others	$ -	$ 5,937	$ 12	$ 5,949
Amounts held for social services clients	7,564	-	-	7,564
Total liabilities	$ 7,564	$ 5,937	$ 12	$ 13,513

Exhibit 17

County of Surry, Virginia

Fiduciary Funds
Statement of Changes in Fiduciary Net Assets - Agency Funds
For the Year Ended June 30, 2009

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	$ 6,889	$ 3,822	$ 3,147	$ 7,564
Liabilities:				
Amounts held for social services clients	$ 6,889	$ 3,822	$ 3,147	$ 7,564
Crater AAA Fund:				
Assets:				
Cash and cash equivalents	$ 5,100	$ 3,844	$ 3,007	$ 5,937
Liabilities:				
Amounts held for others	$ 5,100	$ 3,844	$ 3,007	$ 5,937
Emergency Food and Shelter Fund:				
Assets:				
Cash and cash equivalents	$ 12	$ 3,500	$ 3,500	$ 12
Liabilities:				
Amounts held for others	$ 12	$ 3,500	$ 3,500	$ 12
Totals -- All Agency Funds				
Assets:				
Cash and cash equivalents	$ 12,001	$ 11,166	$ 9,654	$ 13,513
Total assets	$ 12,001	$ 11,166	$ 9,654	$ 13,513
Liabilities:				
Amounts held for others	$ 5,112	$ 7,344	$ 6,507	$ 5,949
Amounts held for social services clients	6,889	3,822	3,147	7,564
Total liabilities	$ 12,001	$ 11,166	$ 9,654	$ 13,513

DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD

Exhibit 18

County of Surry, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 383,251	$ 52,760	$ 436,011
Due from other governmental units	842,820	-	842,820
Total assets	$ 1,226,071	$ 52,760	$ 1,278,831
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 55,970	$ -	$ 55,970
Accrued liabilities	1,170,101	34,353	1,204,454
Total liabilities	$ 1,226,071	$ 34,353	$ 1,260,424
Fund balances:			
Unreserved:			
Undesignated	$ -	$ 18,407	$ 18,407
Total fund balances	$ -	$ 18,407	$ 18,407
Total liabilities and fund balances	$ 1,226,071	$ 52,760	$ 1,278,831

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

Total fund balances per above	$ 18,407
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,609,549
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(104,458)
Net assets of governmental activities	$ 11,523,498

Exhibit 19

County of Surry, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 1,838	$ 7	$ 1,845
Charges for services	-	286,665	286,665
Miscellaneous	75,281	40	75,321
Intergovernmental revenues:			
Local government	10,916,083	-	10,916,083
Commonwealth	4,168,895	9,210	4,178,105
Federal	697,776	345,893	1,043,669
Total revenues	$ 15,859,873	$ 641,815	$ 16,501,688
EXPENDITURES			
Current:			
Education	$ 15,859,873	$ 623,408	$ 16,483,281
Total expenditures	$ 15,859,873	$ 623,408	$ 16,483,281
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 18,407	$ 18,407
Net change in fund balances	$ -	$ 18,407	$ 18,407
Fund balances - beginning	-	-	-
Fund balances - ending	$ -	$ 18,407	$ 18,407

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

Net change in fund balances - total governmental funds - per above		$ 18,407
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:		
Capital outlay	$ 607,640	
Depreciation expense	(953,360)	
Transfer of joint tenancy assets to Component Unit from Primary Government	755,540	409,820
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
(Increase) decrease in OPEB liability	$ (12,600)	
(Increase) decrease in compensated absences	14,760	2,160
Change in net assets of governmental activities		$ 430,387

Exhibit 20

County of Surry, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	School Operating Fund				School Cafeteria Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES								
Revenue from the use of money and property	$ -	$ -	$ 1,838	$ 1,838	$ -	$ -	$ 7	$ 7
Charges for services	-	-	-	-	275,000	275,000	286,665	11,665
Miscellaneous	25,000	25,000	75,281	50,281	-	-	40	40
Intergovernmental revenues:								
Local government	11,432,189	11,465,839	10,916,083	(549,756)	-	-	-	-
Commonwealth	3,965,871	3,986,953	4,168,895	181,942	8,919	8,919	9,210	291
Federal	621,551	689,348	697,776	8,428	240,000	274,824	345,893	71,069
Total revenues	$ 16,044,611	$ 16,167,140	$ 15,859,873	$ (307,267)	$ 523,919	$ 558,743	$ 641,815	$ 83,072
EXPENDITURES								
Current:								
Education	$ 15,928,668	$ 16,105,489	$ 15,859,873	$ 245,616	$ 639,862	$ 620,394	$ 623,408	$ (3,014)
Total expenditures	$ 15,928,668	$ 16,105,489	$ 15,859,873	$ 245,616	$ 639,862	$ 620,394	$ 623,408	$ (3,014)
Excess (deficiency) of revenues over (under) expenditures	$ 115,943	$ 61,651	$ -	$ (61,651)	$ (115,943)	$ (61,651)	$ 18,407	$ 80,058
OTHER FINANCING SOURCES (USES)								
Transfers in	$ -	$ -	$ -	$ -	$ 115,943	$ 61,651	$ -	$ (61,651)
Transfers out	(115,943)	(61,651)	-	61,651	-	-	-	-
Total other financing sources and uses	$ (115,943)	$ (61,651)	$ -	$ 61,651	$ 115,943	$ 61,651	$ -	$ (61,651)
Net change in fund balances	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,407	$ 18,407
Fund balances - beginning	-	-	-	-	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,407	$ 18,407

SUPPORTING SCHEDULES

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 5,903,302	$ 5,903,302	$ 5,825,775	$ (77,527)
Real and personal public service corporation taxes	10,702,535	10,702,535	10,576,419	(126,116)
Personal property taxes	1,048,539	1,048,539	1,094,328	45,789
Penalties	41,807	41,807	60,302	18,495
Interest	113,789	113,789	81,021	(32,768)
Total general property taxes	$ 17,809,972	$ 17,809,972	$ 17,637,845	$ (172,127)
Other local taxes:				
Local sales and use taxes	$ 330,000	$ 330,000	$ 490,364	$ 160,364
Consumption tax	20,380	20,380	20,364	(16)
Business license taxes	60,183	60,183	66,800	6,617
Motor vehicle licenses	88,755	88,755	81,166	(7,589)
Communications tax	53,858	53,858	53,575	(283)
Taxes on recordation and wills	85,000	85,000	42,267	(42,733)
Total other local taxes	$ 638,176	$ 638,176	$ 754,536	$ 116,360
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 2,200	$ 2,200	$ 6,090	$ 3,890
Building permits	50,000	50,000	27,165	(22,835)
Permits and other licenses	16,979	16,979	14,781	(2,198)
Total permits, privilege fees, and regulatory licenses	$ 69,179	$ 69,179	$ 48,036	$ (21,143)
Fines and forfeitures:				
Court fines and forfeitures	$ 25,000	$ 25,000	$ 24,902	$ (98)
Revenue from use of money and property:				
Revenue from use of money	$ 470,000	$ 470,000	$ 152,534	$ (317,466)
Revenue from use of property	103,209	103,209	96,615	(6,594)
Total revenue from use of money and property	$ 573,209	$ 573,209	$ 249,149	$ (324,060)
Charges for services:				
Sheriff fees	$ 299	$ 299	$ 299	$ -
Charges for Commonwealth's Attorney	100	100	-	(100)
Courthouse maintenance fees	220	220	3,680	3,460
Charges for other court services	19,300	21,458	28,377	6,919
Charges for sanitation and waste removal	23,000	23,000	21,849	(1,151)
Charges for parks and recreation	25,000	25,000	20,621	(4,379)
Total charges for services	$ 67,919	$ 70,077	$ 74,826	$ 4,749
Miscellaneous revenue:				
Miscellaneous	$ 10,000	$ 10,630	$ 20,081	$ 9,451

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Regional jail	$ 25,000	$ 25,000	$ 12,793	$ (12,207)
VPI extension phone reimbursement	250	250	-	(250)
Local health department	3,500	3,500	4,397	897
Crater youth care	1,500	1,500	-	(1,500)
Care of animals	150	150	520	370
Other recovered costs	-	1,934	-	(1,934)
Total recovered costs	$ 30,400	$ 32,334	$ 17,710	$ (14,624)
Total revenue from local sources	$ 19,223,855	$ 19,228,577	$ 18,827,085	$ (401,492)
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	$ 3,200	$ 3,200	$ -	$ (3,200)
Wine taxes	3,500	3,500	-	(3,500)
Rolling stock tax	-	-	70	70
Mobile home titling tax	22,000	22,000	17,305	(4,695)
Taxes on deeds	17,000	17,000	12,905	(4,095)
State recordation tax	21,000	21,000	18,527	(2,473)
Personal property tax relief funds	677,907	677,907	677,907	-
Reduction in state aid to local governments	-	-	(29,197)	(29,197)
Total noncategorical aid	$ 744,607	$ 744,607	$ 697,517	$ (47,090)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 76,034	$ 76,034	$ 74,431	$ (1,603)
Sheriff	486,838	486,838	468,296	(18,542)
Commissioner of revenue	78,592	78,592	77,447	(1,145)
Treasurer	86,705	86,705	84,951	(1,754)
Medical examiner	100	100	-	(100)
Registrar/electoral board	40,000	40,000	43,023	3,023
Clerk of the circuit court	153,579	158,576	107,914	(50,662)
Total shared expenses	$ 921,848	$ 926,845	$ 856,062	$ (70,783)
Other categorical aid:				
Public assistance and welfare administration	$ 528,140	$ 528,140	$ 393,208	$ (134,932)
Fire programs fund	-	16,129	16,129	-
Septic grant	-	5,000	-	(5,000)
GOSAP grant	-	-	1,197	1,197
Comprehensive services act	50,000	50,000	153,422	103,422
Wireless funds	48,000	48,000	54,894	6,894
Emergency medical services	-	8,118	8,118	-
Va fires grant	-	1,000	1,000	-
Radiological emergency preparedness	-	50,000	50,000	-
Local law enforcement block grant	-	2,662	6,008	3,346

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DCJS linx grant	$ -	$ 15,000	$ 14,992	$ (8)
Victim-witness grant	20,000	20,000	17,650	(2,350)
Clerk's records grant	-	-	6,931	6,931
Juvenile confinement	9,204	9,204	6,382	(2,822)
Animal friendly plates	-	-	168	168
Broadband technology	-	-	60,000	60,000
Litter control	8,307	8,307	6,337	(1,970)
Total other categorical aid	$ 663,651	$ 761,560	$ 796,436	$ 34,876
Total categorical aid	$ 1,585,499	$ 1,688,405	$ 1,652,498	$ (35,907)
Total revenue from the Commonwealth	$ 2,330,106	$ 2,433,012	$ 2,350,015	$ (82,997)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	$ -	$ -	$ 418	$ 418
Categorical aid:				
Public assistance and welfare administration	$ 978,474	$ 978,474	$ 820,187	$ (158,287)
GOSAP grant	-	10,000	9,279	(721)
Buffer zone protection grant	-	141,475	56,084	(85,391)
Summer feeding program	7,500	7,500	7,499	(1)
Total categorical aid	$ 985,974	$ 1,137,449	$ 893,049	$ (244,400)
Total revenue from the federal government	$ 985,974	$ 1,137,449	$ 893,467	$ (243,982)
Total General Fund	$ 22,539,935	$ 22,799,038	$ 22,070,567	$ (728,471)
County Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 15	$ 15
Total revenue from use of money and property	$ -	$ -	$ 15	$ 15
Miscellaneous revenue:				
Miscellaneous	$ -	$ -	$ 4,174	$ 4,174
Total miscellaneous revenue	$ -	$ -	$ 4,174	$ 4,174
Total revenue from local sources	$ -	$ -	$ 4,189	$ 4,189
Total County Special Revenue Fund	$ -	$ -	$ 4,189	$ 4,189

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 17,000	$ 17,000	$ 50,401	$ 33,401
Total revenue from local sources	$ 17,000	$ 17,000	$ 50,401	$ 33,401
Revenue from the Commonwealth:				
Categorical aid:				
Indoor plumbing grant	$ 275,000	$ 275,000	$ 26,700	$ (248,300)
Total categorical aid	$ 275,000	$ 275,000	$ 26,700	$ (248,300)
Total revenue from the Commonwealth	$ 275,000	$ 275,000	$ 26,700	$ (248,300)
Revenue from the federal government:				
Categorical aid:				
Community development block grant	$ 521,825	$ 521,825	$ 83,530	$ (438,295)
Indoor plumbing	-	-	(33,650)	(33,650)
Rural development	500,000	500,000	-	(500,000)
Total categorical aid	$ 1,021,825	$ 1,021,825	$ 49,880	$ (971,945)
Total revenue from the federal government	$ 1,021,825	$ 1,021,825	$ 49,880	$ (971,945)
Total County Capital Projects Fund	$ 1,313,825	$ 1,313,825	$ 126,981	$ (1,186,844)
Total Primary Government	$ 23,853,760	$ 24,112,863	$ 22,201,737	$ (1,911,126)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 1,838	$ 1,838
Total revenue from use of money and property	$ -	$ -	$ 1,838	$ 1,838
Miscellaneous revenue:				
Miscellaneous	$ 25,000	$ 25,000	$ 75,281	$ 50,281
Total revenue from local sources	$ 25,000	$ 25,000	$ 77,119	$ 52,119
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Surry	$ 11,432,189	$ 11,465,839	$ 10,916,083	$ (549,756)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 1,062,848	$ 985,581	$ 953,196	$ (32,385)
Basic school aid	1,717,614	1,828,185	1,817,102	(11,083)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Remedial summer education	$ 22,599	$ 19,170	$ 19,170	$ -
Regular foster care	40,591	20,986	20,981	(5)
GED funding	7,859	7,859	7,859	-
Gifted and talented	14,473	15,063	15,063	-
Remedial education	54,115	56,322	56,321	(1)
Special education	182,958	190,598	190,594	(4)
Textbook payment	37,289	38,810	38,809	(1)
Vocational education	104,021	109,587	108,077	(1,510)
Early reading intervention	6,183	7,214	7,214	-
School fringes	220,549	229,547	229,542	(5)
English as a second language	-	-	393	393
State lottery payments	-	-	65,041	65,041
Adult literacy	2,280	2,280	-	(2,280)
Mentor teacher program	-	1,267	3,077	1,810
School construction	181,654	171,614	106,820	(64,794)
Enrollment loss	17,634	5,524	5,535	11
At risk payments	78,068	81,154	81,154	-
Primary class size	79,790	80,802	80,802	-
Technology	128,000	128,000	256,000	128,000
SOL algebra readiness	7,346	7,390	7,390	-
At risk four-year olds	-	-	98,755	98,755
Total categorical aid	$ 3,965,871	$ 3,986,953	$ 4,168,895	$ 181,942
Total revenue from the Commonwealth	$ 3,965,871	$ 3,986,953	$ 4,168,895	$ 181,942
Revenue from the federal government:				
Categorical aid:				
Title I	$ 172,869	$ 196,035	$ 164,655	$ (31,380)
Title VI-B, special education flow-through	239,352	240,878	128,992	(111,886)
Vocational education	-	20,021	2,163	(17,858)
Title VI-B, special education pre-school	89,355	103,316	2,032	(101,284)
Drug free schools	4,200	3,687	4,441	754
Education technology grant	-	1,697	1,367	(330)
JROTC	53,000	57,348	69,516	12,168
Twenty-first Century Grant	60,775	64,366	264,615	200,249
Title II, Part A	2,000	2,000	59,995	57,995
Total categorical aid	$ 621,551	$ 689,348	$ 697,776	$ 8,428
Total revenue from the federal government	$ 621,551	$ 689,348	$ 697,776	$ 8,428
Total School Operating Fund	$ 16,044,611	$ 16,167,140	$ 15,859,873	$ (307,267)

County of Surry, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Special Revenue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 7	$ 7
Total revenue from use of money and property	$ -	$ -	$ 7	$ 7
Charges for services:				
Cafeteria sales	$ 275,000	$ 275,000	$ 286,665	$ 11,665
Total charges for services	$ 275,000	$ 275,000	$ 286,665	$ 11,665
Miscellaneous revenue:				
Miscellaneous	$ -	$ -	$ 40	$ 40
Total miscellaneous revenue	$ -	$ -	$ 40	$ 40
Total revenue from local sources	$ 275,000	$ 275,000	$ 286,712	$ 11,712
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	$ 8,919	$ 8,919	$ 9,210	$ 291
Revenue from the federal government:				
Categorical aid:				
School food program	$ 240,000	$ 240,292	$ 294,193	$ 53,901
Summer feeding	-	-	8,503	8,503
Commodities	-	34,532	43,197	8,665
Total categorical aid	$ 240,000	$ 274,824	$ 345,893	$ 71,069
Total revenue from the federal government	$ 240,000	$ 274,824	$ 345,893	$ 71,069
Total School Special Revenue Fund	$ 523,919	$ 558,743	$ 641,815	$ 83,072
Total Discretely Presented Component Unit - School Board	$ 16,568,530	$ 16,725,883	$ 16,501,688	$ (224,195)

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	$ 487,668	$ 456,001	$ 289,011	$ 166,990
General and financial administration:				
County administrator	$ 284,978	$ 284,978	$ 278,174	$ 6,804
Legal services	71,220	71,220	71,074	146
Commissioner of revenue	175,633	175,633	168,700	6,933
Treasurer	251,999	251,999	239,529	12,470
Board of equalization	108,550	108,550	107,958	592
Finance department	151,299	151,299	146,049	5,250
Information technology	111,990	111,990	105,172	6,818
Other general and financial administration	57,850	57,850	54,873	2,977
Total general and financial administration	$ 1,213,519	$ 1,213,519	$ 1,171,529	$ 41,990
Board of elections:				
Electoral board and officials	$ 96,617	$ 96,617	$ 93,959	$ 2,658
Total general government administration	$ 1,797,804	$ 1,766,137	$ 1,554,499	$ 211,638
Judicial administration:				
Courts:				
Circuit court	$ 18,350	$ 18,350	$ 19,986	$ (1,636)
General district court	10,638	10,638	6,661	3,977
Special magistrates	1,200	1,200	555	645
Southside legal aid	7,261	7,261	7,261	-
Victim Witness	20,000	20,000	17,097	2,903
Clerk of the circuit court	232,259	241,348	226,893	14,455
Total courts	$ 289,708	$ 298,797	$ 278,453	$ 20,344
Commonwealth's attorney:				
Commonwealth's attorney	$ 118,526	$ 118,526	$ 118,409	$ 117
Total judicial administration	$ 408,234	$ 417,323	$ 396,862	$ 20,461
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 1,302,790	$ 1,466,927	$ 1,373,077	$ 93,850
Virginia juvenile crime control act	15,749	15,749	14,965	784
Riverside Criminal justice	14,303	14,303	14,303	-
Total law enforcement and traffic control	$ 1,332,842	$ 1,496,979	$ 1,402,345	$ 94,634
Fire and rescue services:				
Fire department/rescue services	$ 542,171	$ 571,540	$ 570,270	$ 1,270
Correction and detention:				
Confinement and care of prisoners	$ 217,813	$ 217,813	$ 212,221	$ 5,592

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	$ 162,113	$ 162,113	$ 122,301	$ 39,812
Other protection:				
Animal control	$ 67,121	$ 92,458	$ 84,729	$ 7,729
Emergency services	162,326	199,901	119,333	80,568
E-911 communications	30,000	61,047	25,157	35,890
Total other protection	$ 259,447	$ 353,406	$ 229,219	$ 124,187
Total public safety	$ 2,514,386	$ 2,801,851	$ 2,536,356	$ 265,495
Public works:				
Sanitation and waste removal:				
Sanitation	$ 601,608	$ 601,608	$ 494,558	$ 107,050
Litter control	7,500	7,500	813	6,687
Total sanitation and waste removal	$ 609,108	$ 609,108	$ 495,371	$ 113,737
Maintenance of general buildings and grounds:				
General properties	$ 543,328	$ 543,328	$ 526,796	$ 16,532
Total public works	$ 1,152,436	$ 1,152,436	$ 1,022,167	$ 130,269
Health and welfare:				
Health:				
Supplement of local health department	$ 232,027	$ 232,027	$ 206,281	$ 25,746
Mental health and mental retardation:				
Chapter X Board	$ 56,867	$ 56,867	$ 56,867	$ -
Welfare:				
Public assistance and welfare administration	$ 2,217,972	$ 2,217,972	$ 1,732,466	$ 485,506
Area agency on aging	1,148	1,148	1,148	-
State and local hospitalization	5,591	5,591	4,419	1,172
Comprehensive services act	150,000	150,000	153,242	(3,242)
SSG improvement association	30,000	30,000	30,000	-
Office on youth	162,303	162,933	157,922	5,011
Geneive shelter	3,500	3,500	3,500	-
Surry free clinic	4,000	4,000	4,000	-
Other welfare contributions	500	12,167	11,222	945
Total welfare	$ 2,575,014	$ 2,587,311	$ 2,097,919	$ 489,392
Total health and welfare	$ 2,863,908	$ 2,876,205	$ 2,361,067	$ 515,138

County of Surry, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2009

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	$ 5,205	$ 5,205	$ 5,205	$ -
Contribution to County School Board	11,432,189	11,465,839	10,916,083	549,756
Total education	$ 11,437,394	$ 11,471,044	$ 10,921,288	$ 549,756
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	$ 387,899	$ 387,899	$ 382,250	$ 5,649
Williamsburg area transit	37,000	37,000	37,000	-
Total parks and recreation	$ 424,899	$ 424,899	$ 419,250	$ 5,649
Cultural enrichment:				
Surry county tourism committee	$ 12,000	$ 12,000	$ 9,000	$ 3,000
Library:				
Contribution to regional library	$ 112,325	$ 112,325	$ 112,325	$ -
Total parks, recreation, and cultural	$ 549,224	$ 549,224	$ 540,575	$ 8,649
Community development:				
Planning and community development:				
Planning and zoning	$ 320,531	$ 325,531	$ 293,735	$ 31,796
Zoning board	5,000	5,000	2,032	2,968
Highway transportation safety commission	2,850	2,850	750	2,100
Planning district commission	10,000	10,000	7,561	2,439
Economic development	42,804	42,804	38,940	3,864
Other planning and community development	6,500	6,500	2,745	3,755
Total planning and community development	$ 387,685	$ 392,685	$ 345,763	$ 46,922
Environmental management:				
Contribution to soil and water conservation district	$ 9,000	$ 9,000	$ 9,000	$ -
Cooperative extension program:				
Extension office	$ 83,083	$ 83,083	$ 78,731	$ 4,352
Total community development	$ 479,768	$ 484,768	$ 433,494	$ 51,274
Debt service:				
Principal retirement	$ 671,278	$ 761,278	$ 734,832	$ 26,446
Interest and other fiscal charges	383,977	384,727	408,867	(24,140)
Total debt service	$ 1,055,255	$ 1,146,005	$ 1,143,699	$ 2,306
Total General Fund	$ 22,258,409	$ 22,664,993	$ 20,910,007	$ 1,754,986

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
County Special Revenue Fund:				
Community development				
Indoor plumbing program	$ 30,000	$ 30,000	$ 5,064	$ 24,936
Economic development	79,160	79,160	-	79,160
Total community development	$ 109,160	$ 109,160	$ 5,064	$ 104,096
Total community development	$ 109,160	$ 109,160	$ 5,064	$ 104,096
Total County Special Revenue Fund	$ 109,160	$ 109,160	$ 5,064	$ 104,096
County Capital Projects Fund:				
Capital projects expenditures:				
Landfill closure	$ 110,000	$ 110,000	$ 24,071	$ 85,929
Waste management collection centers	475,000	467,301	230,648	236,653
Technology upgrades	17,000	17,000	18,177	(1,177)
Broadband technology initiative	125,000	125,000	70,000	55,000
Circuit courthouse renovations	4,000,000	4,000,000	2,217,536	1,782,464
Vehicle acquisition	40,000	40,000	17,824	22,176
Land development ordinance	130,000	130,000	25,500	104,500
Upgrade to water system	1,000,000	1,000,000	26,669	973,331
Parks and rec equipment/upgrades	106,100	106,100	8,146	97,954
Emergency services study/update	50,000	50,000	-	50,000
Public safety equipment acquisition	2,100,000	2,100,000	1,530,776	569,224
Gas pump updgrade	-	-	14,039	(14,039)
Elberon Heights project	783,825	783,825	453,374	330,451
School capital projects	4,000,000	3,517,125	823,497	2,693,628
Other capital projects	390,000	397,699	67,233	330,466
Total capital projects	$ 13,326,925	$ 12,844,050	$ 5,527,490	$ 7,316,560
Debt service:				
Interest and other fiscal charges	$ -	$ -	$ 322,250	(322,250)
Total debt service	$ -	$ -	$ 322,250	$ (322,250)
Total County Capital Projects Fund	$ 13,326,925	$ 12,844,050	$ 5,849,740	$ 6,994,310
Total Primary Government	$ 35,694,494	$ 35,618,203	$ 26,764,811	$ 8,853,392

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	$ 848,278	$ 848,278	$ 862,693	$ (14,415)
Instruction costs	11,964,934	11,958,105	11,707,167	250,938
Pupil transportation	1,256,850	1,400,500	1,395,183	5,317
Operation and maintenance of school plant	1,858,606	1,898,606	1,894,830	3,776
Total operating costs	$ 15,928,668	$ 16,105,489	$ 15,859,873	$ 245,616
Total education	$ 15,928,668	$ 16,105,489	$ 15,859,873	$ 245,616
Total School Operating Fund	$ 15,928,668	$ 16,105,489	$ 15,859,873	$ 245,616
School Special Revenue Fund:				
Education:				
School food services:				
School food services	$ 639,862	$ 620,394	$ 580,211	$ 40,183
Commodities	-	-	43,197	(43,197)
Total School Special Revenue Fund	$ 639,862	$ 620,394	$ 623,408	$ (3,014)
Total Discretely Presented Component Unit - School Board	$ 16,568,530	$ 16,725,883	$ 16,483,281	$ 242,602

OTHER STATISTICAL SECTION

Table 1

County of Surry, Virginia
Government-Wide Expenses by Function
Last Seven Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Water and Sewer	Total
2002-03	$ 1,083,987	$ 253,302	$ 1,472,136	$ 840,257	$ 2,019,805	$ 10,477,678	$ 410,902	$ 394,405	$ 225,518	$ -	$ 17,177,990
2003-04	979,192	250,210	3,779,073	997,920	2,086,662	10,339,257	439,939	343,459	179,045	-	19,394,757
2004-05	1,584,888	275,953	1,866,039	1,059,305	2,177,704	9,095,340	452,777	634,133	167,521	181,339	17,494,999
2005-06	1,278,906	337,970	1,948,872	1,889,656	2,185,792	11,065,790	481,350	387,025	133,447	202,840	19,911,648
2006-07	1,298,600	357,205	2,001,162	1,135,848	3,378,174	10,405,848	589,996	496,724	475,740	248,942	20,388,239
2007-08	1,375,071	806,049	2,469,893	2,101,649	2,263,034	12,736,313	507,811	494,492	690,748	383,052	23,828,112
2008-09	1,864,806	358,576	2,907,399	1,237,489	2,368,475	11,734,160	567,971	923,784	836,260	383,367	23,182,287

(1) Information has only been available for seven years.

Table 2

County of Surry, Virginia
Government-Wide Revenues
Last Seven Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2002-03	$ 76,683	$ 2,107,511	$ -	$ 14,057,285	$ 366,140	$ 210,623	$ 13,369	$ 716,614	$ 17,548,225
2003-04	83,199	3,331,422	-	14,265,479	393,523	186,331	41,432	1,234,338	19,535,724
2004-05	97,711	2,254,687	-	14,793,585	679,224	299,040	21,957	653,792	18,799,996
2005-06	111,124	3,777,818	29,000	15,516,251	597,105	512,313	110,694	914,354	21,568,659
2006-07	150,942	2,177,196	2,915,649	15,120,129	587,852	955,234	68,379	762,952	22,738,333
2007-08	195,502	2,281,233	694,342	17,644,857	664,638	872,613	581	730,465	23,084,231
2008-09	189,339	2,545,547	76,580	17,728,739	754,536	299,565	24,255	697,935	22,316,496

(1) Information has only been available for seven years.

County of Surry, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2000	$ 898,895	$ 275,188	$ 1,270,930	$ 684,810	$ 1,911,234	$ 12,551,549	$ 395,225	$ 219,635	$ 1,157,915	$ 19,365,381
2001	1,113,579	259,815	1,448,110	783,692	1,996,938	12,765,492	425,490	224,010	1,119,953	20,137,079
2002	856,646	264,400	1,572,351	863,224	2,032,152	12,313,136	399,928	305,710	1,191,616	19,799,163
2003	877,618	262,536	1,511,527	805,372	2,005,392	13,071,071	394,307	318,987	1,048,791	20,295,601
2004	903,505	250,720	3,760,426	942,838	2,100,150	12,954,598	426,705	316,018	837,986	22,492,946
2005	1,281,332	275,953	1,878,610	868,843	2,156,434	12,761,349	438,274	392,656	901,813	20,955,264
2006	1,170,523	339,890	1,909,200	850,183	2,167,120	14,041,739	467,439	370,733	859,092	22,175,919
2007	1,060,320	356,302	1,978,914	927,802	2,435,713	14,368,809	549,193	506,418	913,362	23,096,833
2008	1,279,711	346,306	2,309,462	990,575	2,293,730	16,271,736	506,431	464,046	751,890	25,213,887
2009	1,554,499	396,862	2,536,356	1,022,167	2,361,067	16,488,486	540,575	438,558	1,465,949	26,804,519

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.
(3) Excludes Capital Projects funds.

County of Surry, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2000	$ 13,553,862	$ 294,733	$ 20,797	$ 14,521	$ 421,788	$ 260,194	$ 73,182	$ 28,792	$ 6,202,456	$ 20,870,325
2001	13,874,164	355,126	19,879	13,355	515,309	283,064	216,713	17,093	5,613,758	20,908,461
2002	15,002,921	375,330	15,935	23,586	417,461	287,384	338,406	85,799	5,787,045	22,333,867
2003	14,055,810	366,140	29,337	5,949	211,711	237,813	122,035	55,447	5,885,077	20,969,319
2004	14,831,392	393,523	23,299	23,316	189,046	285,250	83,657	52,742	7,497,570	23,379,795
2005	14,544,879	679,224	33,924	24,690	302,930	294,304	94,490	37,761	6,479,297	22,491,499
2006	15,832,563	597,105	39,985	26,313	573,325	329,266	189,276	35,170	7,238,316	24,861,319
2007	15,139,181	587,852	69,502	27,554	958,847	322,277	117,280	84,103	7,147,686	24,454,282
2008	17,442,571	664,638	61,447	15,245	471,192	364,935	66,419	54,784	6,717,814	25,859,045
2009	17,637,845	754,536	48,036	24,902	251,016	361,491	99,576	17,710	8,465,256	27,660,368

(1) Includes General and Special Revenue funds of the Primary Government and its Discretely Presented Component Unit.
(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.
(3) Excludes Capital Projects funds.

Table 5

County of Surry, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2000	$ 13,765,226	$ 13,378,917	97.19%	$ 197,209	$ 13,576,126	98.63%	$ 654,340	4.75%
2001	14,254,142	13,854,262	97.19%	63,373	13,917,635	97.64%	945,881	6.64%
2002	15,568,140	15,255,053	97.99%	60,345	15,315,398	98.38%	1,076,724	6.92%
2003	14,669,674	14,447,527	98.49%	149,450	14,596,977	99.50%	518,554	3.53%
2004 (3)	15,358,307	15,377,233	100.12%	481,957	15,859,190	103.26%	550,792	3.59%
2005	15,133,422	14,880,556	98.33%	150,309	15,030,865	99.32%	628,325	4.15%
2006	16,457,411	16,572,928	100.70%	5,684	16,578,612	100.74%	465,614	2.83%
2007	15,600,794	15,304,788	98.10%	364,978	15,669,766	100.44%	558,611	3.58%
2008	17,440,097	17,301,159	99.20%	6,399	17,307,558	99.24%	627,234	3.60%
2009	17,597,560	17,480,039	99.33%	16,483	17,496,522	99.43%	645,177	3.67%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years.
(3) Includes tax year 2002 and 2003 PPTRA collections.

Table 6

County of Surry, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Public Service(2) Real Estate	Public Service(2) Personal Property	Total
2000	$ 390,509,996	$ 30,935,097	$ 225,000	$ 1,486,873,981	$ -	$ 1,908,544,074
2001	394,035,736	38,679,275	230,080	1,351,002,478	-	1,783,947,569
2002	433,814,351	38,454,170	215,400	1,477,770,849	-	1,950,254,770
2003	435,431,747	39,423,638	201,660	1,351,947,273	-	1,827,004,318
2004	454,168,629	39,897,173	246,469	1,423,102,752	-	1,917,415,023
2005	461,603,600	38,700,295	275,325	1,273,917,022	-	1,774,496,242
2006	546,241,500	42,569,947	2,142,878	1,405,266,656	-	1,996,220,981
2007	561,776,967	46,296,254	3,069,697	1,109,668,896	-	1,720,811,814
2008	820,331,000	48,530,068	3,822,458	1,533,628,525	-	2,406,312,051
2009	846,070,980	53,237,443	3,058,587	1,510,896,740	-	2,413,263,750

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Surry, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2000	$ 0.68	$ 3.50	$ 3.50
2001	0.75	3.50	3.50
2002	0.75	3.50	1.00
2003	0.75	3.50	1.00
2004	0.75	3.50	1.00
2005	0.80	3.50	1.00
2006	0.77	3.50	1.00
2007	0.84	3.50	1.00
2008	0.70	3.50	1.00
2009	0.70	3.50	1.00

(1) Per $100 of assessed value.

Table 8

County of Surry, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less: Debt Service Monies Available	Less: Debt Assumed by Other Localities (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000	6,145	$ 1,908,544,074	$ 5,741,274	$ -	$ -	$ 5,741,274	0.30%	$ 934
2001	6,829	1,783,947,569	4,943,575	-	-	4,943,575	0.28%	724
2002	6,829	1,950,254,770	4,180,000	-	-	4,180,000	0.21%	612
2003	6,829	1,827,004,318	3,455,000	-	-	3,455,000	0.19%	506
2004	6,829	1,917,415,023	2,865,000	-	-	2,865,000	0.15%	420
2005	6,829	1,774,496,242	2,305,000	-	-	2,305,000	0.13%	338
2006	6,829	1,996,220,981	1,860,000	-	-	1,860,000	0.09%	272
2007	6,829	1,720,811,814	16,445,000	-	-	16,445,000	0.96%	2,408
2008	6,829	2,406,312,051	16,055,000	-	-	16,055,000	0.67%	2,351
2009	6,829	2,413,263,750	18,650,000	-	-	18,650,000	0.77%	2,731

(1) Tayloe Institute at the University of Virginia for 1990 Census and Weldon Cooper Center for Public Service for 2000 Census.
(2) From Table 6
(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/postclosure care liability, capital leases, and compensated absences.
(4) In accordance with the provisions of annexation settlements.

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2009	N/A	N/A	N/A	7.60%
2008	7,128	N/A	N/A	4.60%
2007	7,084	196,545	27,745	3.40%
2006	7,000	186,548	26,904	3.40%
2005	6,882	172,643	25,167	4.60%
2004	6,889	166,869	23,446	4.70%
2003	6,915	161,502	23,082	6.30%
2002	6,900	153,503	22,058	6.00%
2001	6,841	151,187	22,049	5.30%
2000	6,841	145,409	21,243	5.50%

Source:
(a) Population information provided by the U.S. Census Bureau.
(b) Personal income estimate based upon the municpal population and per capita income presented.
(c) Per capita personal income by municipality estimated based upon the 2000 Census published by the U.S. Bureau of Economic Analysis
(d) Unemployment data provided by the Virginia Employment Commission.
n/a - Information not currently available.

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF SURRY
SURRY, VIRGINIA

We have audited the 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 the County of Surry, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the County of Surry, Virginia's basic financial statements and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Surry, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Surry, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the County of Surry, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Surry, Virginia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Surry, Virginia's financial statements are free of 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*.

We noted certain matters involving the internal control and its operation that we have reported to management of the County of Surry, Virginia, in a separate letter dated December 2, 2009.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 2, 2009

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

TO THE HONORABLE MEMBERS OF THE BOARD OF SUPERVISORS
COUNTY OF SURRY
SURRY, VIRGINIA

Compliance

We have audited the compliance of the County of Surry, Virginia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The County of Surry, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Surry, Virginia's management. Our responsibility is to express an opinion on the County of Surry, Virginia's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the County of Surry, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Surry, Virginia's compliance with those requirements.

In our opinion, the County of Surry, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the County of Surry, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Surry, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the County of Surry, Virginia's internal control over compliance.

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Surry, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County of Surry, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County of Surry, Virginia's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 2, 2009

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Emergency Food and Shelter National Board Program	97.024	$ 3,500
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	11,086
Temporary Assistance for Needy Families (TANF)	93.558	171,846
Refugee and Entrant Assistance - State Administered Programs	93.566	358
Low Income Home Energy Assistance	93.568	7,749
Child Care and Development Block Grant	93.575	66,226
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	53,912
Adoption Incentive Payments	93.603	639
Child Welfare Services - State Grants	93.645	899
Foster Care - Title IV-E	93.658	67,930
Adoption Assistance	93.659	8,484
Adoption Assistance - ARRA	93.659	283
Social Services Block Grant	93.667	130,873
Chafee Foster Care Independence Program	93.674	1,516
Child Care and Development Block Grant - ARRA	93.713	755
Children's Health Insurance Program	93.767	12,022
Medical Assistance Program	93.778	113,569
Total Department of Health and Human Services		$ 651,647
U. S. Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Management:		
Buffer zone protection grant	97.078	$ 56,084
Total U. S. Department of Homeland Security		$ 56,084
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Edward Byrne Memorial Formula Grant Program	16.579	$ 9,279
Total Department of Justice		$ 9,279

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of the Defense:		
Direct Payments:		
Junior ROTC	12.xxx	$ 69,516
Payments to States in Lieu of Real Estate Taxes	12.112	418
Total Department of Defense		$ 69,934
Department of Agriculture:		
Direct Payments:		
Food Distribution	10.559	$ 1,290
Summer Food Service Program for Children	10.559	16,002
Total Department of Agriculture - direct payments		$ 17,292
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	$ 41,907
Department of Education:		
School Breakfast Program	10.553	86,146
National school lunch program	10.555	208,047
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	172,040
Total Department of Agriculture - pass-through payments		$ 508,140
Total Department of Agriculture		$ 525,432
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	$ 83,530
Home Investment Partnership Program	14.239	(33,650)
Total Department of Housing and Community Development		$ 49,880

County of Surry, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Education:		
Pass Through Payments:		
Department of Education:		
Title I Grants to Local Educational Agencies	84.010	$ 164,655
Special Education Grants to States	84.027	128,992
Career and Technical Education - Basic Grants to States	84.048	2,163
Special Education Preschool Grants	84.173	2,032
Safe and Drug Free Schools and Communities - National Programs	84.186	4,441
Twenty-First Century Community Learning Centers	84.287	264,615
Education Technology State Grants	84.318	1,367
Improving Teacher Quality State Grants	84.367	59,995
Total Department of Education		$ 628,260
Total Federal Expenditures		$ 1,990,516

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Surry, Virginia. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as, federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	893,467
County Capital Projects Fund		49,880
Agency Funds:		
Special Welfare		3,500
Total primary government	$	946,847
Component Unit Public Schools:		
School Operating Fund	$	697,776
School Cafeteria Fund		345,893
Total component unit public schools	$	1,043,669
Total federal expenditures per basic financial statements	$	1,990,516
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	1,990,516

County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section I–Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	*unqualified*		
Internal control over financial reporting:			
Material weakness(es) identified?	____ yes	✓ no	
Significant deficiencies identified that are not considered to be material weakness(es)?	____ yes	✓ none reported	
Noncompliance material to financial statements noted?	____ yes	✓ no	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	____ yes	✓ no	
Significant deficiencies identified that are not considered to be material weakness(es)?	____ yes	✓ none reported	
Type of auditor's report issued on compliance for major programs:	*unqualified*		
Any findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ yes	✓ no	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.287	21st Century Learning Centers
84.027/84.173	Special Education Cluster
93.575/93.713/93.596	Child Care and Development Cluster
10.553/10.555/10.559	Child Nutrition Cluster
93.558	Temporary Assistance to Needy Families

Dollar threshold used to distinguish between type A and type B programs:	$300,000		
Auditee qualified as low-risk auditee?	____ yes	✓ no	

County of Surry, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

There were no prior year findings and questioned costs.