

Edgecombe County North Carolina

Financial Statements

For the Year Ended June 30, 2019



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INTRODUCTORY SECTION

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Edgecombe County, North Carolina

List of Principal Officials June 30, 2019

Board of County Commissioners

Leonard Wiggins
Chairman

Jonathan K. Felton
Vice-Chairman

William Wooten

Evelyn Powell

Viola S. Harris

Donald C. Boswell

Rev. E. Wayne Hines

County Officials

Eric Evans
County Manager

Cleveland Atkinson, Jr.
Sheriff

Robin Braswell
Register of Deeds

Frangie Mungo
Clerk of the Board

Art Bradley
Cooperative Extension
Director

Cynthia Jenkins
Planning and Inspections
Director

Mark Walters
Emergency Services Director

Michael Cummings
Solid Waste Supervisor

James Price
Solid Waste and
Maintenance Director

Karen Lachapelle
Health Director

Katherine Walters
Director of Fiscal Services

Marva Scott
Social Services Director

William J. Johnson, MPA
Assistant County Manager

Jerry W. Spruell
Director of Elections

Tabetha Summerlin
Information Resources
Director

Michael C. Matthews
Water and Sewer Director

Tarasa Lewis
Tax Administrator

Deborah Coley
Aging Director

Sherry Johnson
Veterans Service Officer

Michael Peters
County Attorney

Edgecombe County, North Carolina

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Edgecombe County, North Carolina

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Edgecombe County ABC Board, which represent 28 percent of the assets, 93 percent of net position, and 92 percent revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Edgecombe County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Edgecombe County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

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

Adjustments to Prior Period Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year-ended June 30, 2019 and the related notes to the financial statements which collectively comprise the Company's basic financial statements as listed in the table of contents. As described in Note 3-N, the County recorded a prior period adjustment affecting the net position for business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions, Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 101-106, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020, on our consideration of the Edgecombe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgecombe County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Goldsboro, North Carolina
December 2, 2020

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Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of Edgecombe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,618,104 (*net position*).
- The government's total net position increased by \$5,856,362. The business-type activities decreased by \$494,221. The governmental activities increased by \$6,350,583.
- As of the close of the current fiscal year, Edgecombe County's governmental funds reported combined ending fund balances of \$21,234,668, after a net decrease in fund balance of \$652,350. Approximately 78.58 percent of this total amount or \$16,685,845 is either nonspendable, restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,475,832, or 8.97 percent of total general fund expenditures for the fiscal year.
- Edgecombe County's total long-term debt increased by \$3,266,008 (6.16%) during the current fiscal year. The increase was primarily the result of borrowings of \$7,395,349 for the acquisition of land for industrial development and the purchase of sheriffs' vehicles, as well as an offset by debt service payments of \$4,129,341 made during the year.
- Edgecombe County maintained its bond rating from Moody's at A2. Standard and Poor's Ratings Services raised the County's bond rating from A+ to AA-.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Edgecombe 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 (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Edgecombe County.

Basic Financial Statements

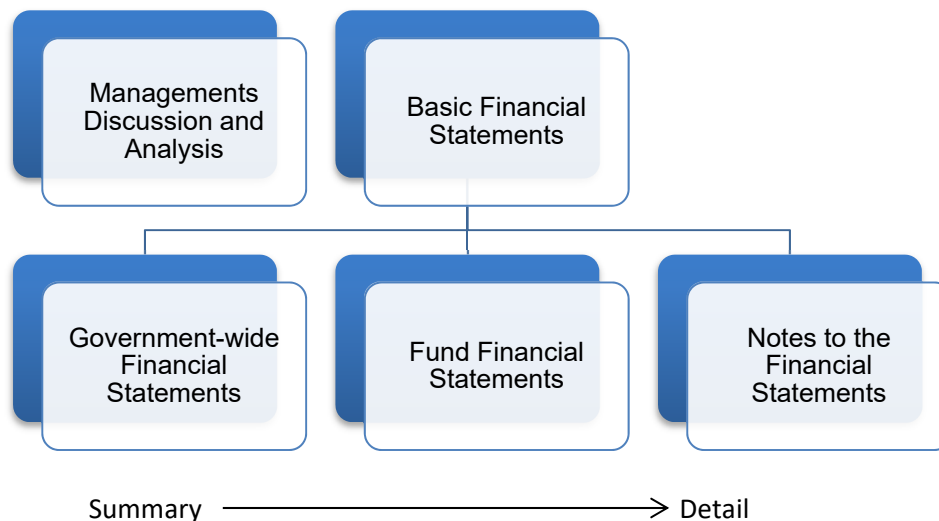
The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by North Carolina General Statutes also can be found in this part of the statements.

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

Required Components of Annual Financial Report
Figure 1



Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general government, public safety, human services, cultural and recreational, economic and physical development, and education. Property taxes, local option sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Edgecombe County. The final category is the component units. Edgecombe County Tourism Development Authority is legally separate from the County; however, the County is financially accountable for the Authority by appointing board members to the Authority. The Assistant County Manager is also the ex-officio finance officer of the Tourism Development Authority. Edgecombe County ABC Board is legally separate from the County; however, the County is financially accountable for the Board by appointing its members. Also, the ABC Board is required to distribute its profits to the County. The Public Facilities Corporation is a nonprofit corporation organized under the laws of the State of North Carolina. The County is financially accountable for the Corporation, which finances the acquisition and construction of real estate and improvements, facilities and equipment to promote economic development within the County. The County Manager is the President and Treasurer of the Corporation.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Edgecombe County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Edgecombe County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Edgecombe County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for in the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – Edgecombe County has one kind of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Edgecombe County uses enterprise funds to account for its water and sewer activities and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Edgecombe County has six fiduciary funds all of which are agency funds – the Fines and Forfeitures und, the Motor Vehicle Tax Fund, Cooperative Extension and 4-H Fund, Social Services Trust Fund, Register of Deeds Trust Fund, and the Inmates Trust Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Edgecombe County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 100 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$53,618,104 as of June 30, 2019. The County's net position increased by \$5,856,362 for the fiscal year ended June 30, 2019. The largest portion \$43,384,690 (80.91%) reflects the County's net investment in capital assets (land, buildings, equipment, vehicles, etc.). Edgecombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Edgecombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Edgecombe County's net position \$10,014,008 (18.68%) represents resources that are subject to external restrictions on how they may be used. The remaining net position of \$219,406 (0.41%) is unrestricted.

Figure 2
Edgecombe County, North Carolina
Condensed Statement of Net Position
As of June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 32,094,466	\$ 30,990,828	\$ 710,141	\$ 2,540,804	\$ 32,804,607	\$ 33,531,632
Capital assets	38,749,798	28,166,658	58,168,061	57,938,898	96,917,859	86,105,556
Total assets	70,844,264	59,157,486	58,878,202	60,479,702	129,722,466	119,637,188
Total deferred outflows of resources	4,475,789	3,216,927	287,003	255,604	4,762,792	3,472,531
Liabilities						
Current and other liabilities	3,953,365	2,927,935	490,764	1,394,708	4,444,129	4,322,643
Long-term liabilities	54,041,776	48,832,945	21,275,804	21,746,673	75,317,580	70,579,618
Total liabilities	57,995,141	51,760,880	21,766,568	23,141,381	79,761,709	74,902,261
Total deferred inflows of resources	1,061,602	700,806	43,843	21,544	1,105,445	722,350
Net Position						
Net investment in capital assets	983,252	5,407,755	42,401,438	42,011,349	43,384,690	47,419,104
Restricted	9,904,836	6,337,435	109,172	-	10,014,008	6,337,435
Unrestricted	5,375,222	(1,832,463)	(5,155,816)	(4,438,968)	219,406	(6,271,431)
Total net position	\$ 16,263,310	\$ 9,912,727	\$ 37,354,794	\$ 37,572,381	\$ 53,618,104	\$ 47,485,108

Figure 3
Edgecombe County, North Carolina
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 2,972,065	\$ 2,677,385	\$ 6,628,673	\$ 6,505,584	\$ 9,600,738	\$ 9,182,969
Grants and contributions:						
Operating	18,524,920	13,433,156	148,651	154,045	18,673,571	13,587,201
Capital	-	-	-	2,832,491	-	2,832,491
General revenues:						
Property taxes	32,112,327	31,687,790	-	-	32,112,327	31,687,790
Other taxes	8,121,964	6,876,990	-	-	8,121,964	6,876,990
Grants and contributions not restricted to specific programs	468,337	476,311	-	-	468,337	476,311
Other revenue	1,679,339	(6,239,874)	35,424	37,134	1,714,763	(6,202,740)
Total revenues	63,878,952	48,911,758	6,812,748	9,529,254	70,691,700	58,441,012
Expenses						
General government	6,112,404	6,881,891	-	-	6,112,404	6,881,891
Public safety	14,617,955	13,791,762	-	-	14,617,955	13,791,762
Transportation	124,203	62,066	-	-	124,203	62,066
Economic development	2,358,938	2,119,114	-	-	2,358,938	2,119,114
Human services	17,992,169	18,233,138	-	-	17,992,169	18,233,138
Cultural and recreational	599,723	611,276	-	-	599,723	611,276
Environmental protection	1,665,524	4,840	-	-	1,665,524	4,840
Education	12,475,627	12,231,811	-	-	12,475,627	12,231,811
Interest on long-term debt	1,250,465	833,595	-	-	1,250,465	833,595
Water and sewer	-	-	4,663,804	4,535,088	4,663,804	4,535,088
Solid waste	-	-	2,974,525	2,684,774	2,974,525	2,684,774
Total expenses	57,197,008	54,769,493	7,638,329	7,219,862	64,835,337	61,989,355
Change in net position before transfers and special items	6,681,943	(5,857,735)	(825,581)	2,309,392	5,856,362	(3,548,343)
Transfers	(331,360)	-	331,360	-	-	-
Change in net position	6,350,583	(5,857,735)	(494,221)	2,309,392	5,856,362	(3,548,343)
Net position, beginning	9,912,727	27,575,545	37,572,381	33,603,844	47,485,108	61,179,389
Restatement	-	(4,338,368)	276,634	1,939,592	276,634	(2,398,776)
Cumulative effect of change in accounting principle	-	(7,466,715)	-	(280,447)	-	(7,747,162)
Net position, beginning, restated	9,912,727	15,770,462	37,849,015	35,262,989	47,761,742	51,033,451
Net position, ending	\$ 16,263,310	\$ 9,912,727	\$ 37,354,794	\$ 37,572,381	\$ 53,618,104	\$ 47,485,108

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.83% (95.91% for fiscal year 2018), compared to the statewide average of 98.92%.
- Continued low costs of debt due to the County's high bond rating.
- The County's sales tax revenues increased by \$1,219,297 over the previous year.

Governmental Activities: Governmental activities increased the County's net position by \$6,350,583 (64.06%). Key elements of this increase are as follows:

- Increase in property tax revenue due to an increase in assessed value after property revaluation.
- Decrease in intergovernmental revenues.
- Increase in governmental activities expenses of \$2,427,515.
- Reimbursements from the County's insurance carrier and the Federal Emergency Management Agency related to damages caused by flooding from Hurricane Matthew.

Business-type activities: Business-type activities decreased Edgecombe County's net position by \$494,221 (1.31%). Key elements of this increase are as follows:

- Continued diligence in water and sewer revenue collection and resolution of delinquent accounts.
- Increase in the estimated cost of landfill closure and post-closure care costs.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Edgecombe County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Edgecombe County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Edgecombe County. At the end of the current year, Edgecombe County's fund balance available for appropriation in the General Fund was \$10,929,978, while total fund balance decreased to \$21,304,148. The Governing Body of Edgecombe County has determined that the County should maintain a minimum unassigned fund balance of 15% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County has a target unassigned fund balance of 20% of General Fund expenditures, with amounts in excess of 20% allocated to a capital reserve fund at the Board's discretion. Unassigned fund balance of \$5,475,832 represents 8.07% General Fund expenditures and interfund transfers out. The County currently has an available fund balance of 16.11% of General Fund expenditures and interfund transfers out, while total fund balance represents 31.41% of that same amount.

At June 30, 2019, the governmental funds of Edgecombe County reported a combined fund balance of \$21,234,668, a 2.98% decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted revenues by \$33,445,681.

The actual operating revenues for the General Fund were less than the budgeted amounts by \$22,597,776, most of which is attributed to a decrease in restricted intergovernmental revenues from Federal and State grants. (Exhibit 5)

Proprietary Funds. Edgecombe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Solid Waste Fund amounted to \$(4,092,081) and \$(1,063,735) for the Water and Sewer Operations Fund. The total decline in net position for the Water and Sewer Operations Fund was \$348,805. The net position of the Solid Waste Fund decreased by \$145,416, primarily due to an increase in the accrued landfill closure and post-closure care costs. Other factors concerning the finances of these funds have already been addressed in the discussion of Edgecombe County's business-type activities.

Capital Asset and Debt Administration

Capital assets

Edgecombe County's capital assets for its governmental and business-type activities as of June 30, 2019, totals \$96,917,859 (net of accumulated depreciation). These assets include buildings, land, land improvements, machinery and equipment, construction in progress, water and sewer distribution and collection systems, and vehicles.

Major capital asset transactions during the year include:

- Increase of construction in progress of Kingsboro training facility.
- Increase and completion of construction in progress of Speed sewer line.
- Purchase of land for economic development.
- Purchase of public safety and solid waste vehicles and equipment.

Figure 4
Edgecombe County, North Carolina
Condensed Statement of Capital Assets (net of depreciation)
As of June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 18,889,806	\$ 12,029,661	\$ 1,203,728	\$ 1,203,728	\$ 20,093,534	\$ 13,233,389
Construction in progress	3,612,184.00	-	-	3,629,936	3,612,184	3,629,936
Buildings and improvements	14,298,160	14,466,470	2,739,068	2,271,749	17,037,228	16,738,219
Water and sewer distribution systems	-	-	51,911,481	48,275,418	51,911,481	48,275,418
Equipment	475,708	417,614	1,498,875	1,654,612	1,974,583	2,072,226
Vehicles	1,473,940	1,252,913	814,909	903,455	2,288,849	2,156,368
Total capital assets, net	\$ 38,749,798	\$ 28,166,658	\$ 58,168,061	\$ 57,938,898	\$ 96,917,859	\$ 86,105,556

The County holds title to certain assets of the Edgecombe County Board of Education. The County is responsible for construction of these schools and the related debt service expenditures. However, these assets belong to the Board of Education and are recorded on the financial statements of the Board of Education. Title will be transferred back to the Board of Education upon final payment of the County's debt which is secured by the schools. The cost of these assets has been removed from the financial statements of Edgecombe County.

Additional information on the County's capital assets can be found in Note 3 A. 6. of the Notes to the Financial Statements.

Long-term Debt.

As of June 30, 2019, Edgecombe County had total long-term debt outstanding of \$52,982,927.

Edgecombe County's total long-term debt increased by \$3,266,008 (6.57%) during the current fiscal year. The increase was primarily the result of borrowings of \$7,395,349 for economic development, the acquisition of land for industrial development and the purchase of sheriff vehicles as offset by debt service payments of \$4,129,341 made during the year.

Figure 5
Edgecombe County, North Carolina
Condensed Statement of Outstanding Debt
As of June 30, 2019 and 2018

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 5,351,000	\$ 6,049,000	\$ 3,404,000	\$ 3,459,000	\$ 8,755,000	\$ 9,508,000
Limited obligation bonds	4,878,000	5,214,600	8,672,000	9,270,400	13,550,000	14,485,000
Bond anticipation notes	-	-	-	-	-	-
Revenue bonds	-	-	1,717,000	1,749,000	1,717,000	1,749,000
Notes payable	216,297	290,735	1,377,727	1,545,767	1,594,024	1,836,502
Installment purchases	27,366,903	22,138,417	-	-	27,366,903	22,138,417
Premium on debt	170,644	213,305	595,896	622,982	766,540	836,287
Accrued landfill closure and post-closure care costs	-	-	4,753,765	4,549,695	4,753,765	4,549,695
Compensated absences	1,219,230	1,228,143	63,903	63,753	1,283,133	1,291,896
Net pension liability (LGERS)	5,305,676	3,705,978	221,644	150,453	5,527,320	3,856,431
Total pension liability (LEOSSA)	1,627,102	1,725,677	-	-	1,627,102	1,725,677
Total OPEB liability	7,906,924	8,267,090	469,869	335,623	8,376,793	8,602,713
Total long-term debt	\$ 54,041,776	\$ 48,832,945	\$ 21,275,804	\$ 21,746,673	\$ 75,317,580	\$ 70,579,618

As mentioned in the financial highlights section of this document, Edgecombe County maintains an A2 and AA-bond rating from Moody's and Standard and Poor's Corporation, respectively. This bond rating is a clear indication of the sound financial condition of Edgecombe County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Edgecombe County is \$216,429,398. The County has \$885,000 in bonds authorized but un-issued for Water and Sewer District No. 4 at June 30, 2019. The County also had a note payable with remaining availability of \$215,000 that is authorized but unissued for land acquisition for industrial development.

Additional information regarding Edgecombe County's long-term debt can be found in Note 3 B. 7. of the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The unemployment rate for the county is 6.4% which is above the state average of 4.0%.
- The assessed value of real and personal property was \$3,194,120,974; a decrease of 0.20% from the previous year's assessed valuation.
- Our population of 51,472 has decreased slightly over the past 3 years.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: The County approved an original \$56,587,662 General Fund budget for FY 2019. This represents a decrease of 4.60% from the original budget for FY 2018 of \$59,315,097. The property rate for FY 2019 will remain at \$0.95 per hundred dollar valuation. The County budget ordinance for FY 2019 includes an appropriation of unassigned fund balance in the amount of \$4,863,690. The County completed a revaluation of all real property in the County for fiscal year 2018 budget. Estimated assessed property values for the fiscal year 2019 budget are \$3,168,000,000.

Business – type Activities: The budget for fiscal year 2019 does not increase the County's monthly charges for water and sewer service. Rates for landfill services tipping fees increased by \$1.50 per ton for FY 2019. The

County's budget ordinance for the solid waste fund includes an appropriation of fund balance in the amount of \$841,360 to cover the cost of operations at the County landfill.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Katherine Walters, Finance Officer, Edgecombe County Finance Office, PO Box 10, 201 Saint Andrew Street, Tarboro, N.C. 27886. You can also call 252-641-7840, visit our website www.Edgecombe-Countync.gov or send an email to katherinewalters@edgecombeco.com for more information.

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BASIC FINANCIAL STATEMENTS

Edgecombe County, North Carolina
Statement of Net Position
June 30, 2019
Exhibit 1

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board	Edgecombe County Tourism Development Authority	Public Facilities Corporation
Assets						
Current assets:						
Cash and cash equivalents	\$ 14,279,105	\$ 1,131,348	\$ 15,410,453	\$ 853,799	\$ 118,677	\$ -
Taxes receivable, net	4,400,765	200	4,400,965	-	-	-
Receivables, net	487,054	866,731	1,353,785	-	-	5,082,000
Due from other governments	6,644,499	49,459	6,693,958	-	-	-
Due from component unit	94,779	-	94,779	-	-	-
Due from primary government	-	-	-	-	22,835	-
Internal balances	1,612,410	(1,612,410)	-	-	-	-
Capital lease receivable	149,000	-	149,000	-	-	-
Inventories	-	-	-	484,512	-	-
Prepaid items	1,290,043	-	1,290,043	31,570	-	-
Total current assets	28,957,655	435,328	29,392,983	1,369,881	141,512	5,082,000
Restricted Assets:						
Restricted cash and cash equivalents	687,926	274,813	962,739	-	-	-
Other Assets:						
Capital lease receivable - long-term	287,677	-	287,677	-	-	-
Net pension asset	60,281	-	60,281	-	-	-
Net investment in Joint Venture	2,100,927	-	2,100,927	-	-	-
Total other assets	2,448,885	-	2,448,885	-	-	-
Capital assets:						
Land and construction in progress	22,501,990	1,203,728	23,705,718	148,525	-	-
Other capital assets, net of depreciation	16,247,808	56,964,333	73,212,141	524,657	-	-
Total capital assets	38,749,798	58,168,061	96,917,859	673,182	-	-
Total assets	70,844,264	58,878,202	129,722,466	2,043,063	141,512	5,082,000
Deferred Outflows of Resources						
Deferred cost of refunding	88,726	109,000	197,726	-	-	-
Pension deferrals	4,306,583	173,220	4,479,803	78,421	-	-
OPEB deferrals	80,480	4,783	85,263	-	-	-
Total deferred outflows of resources	4,475,789	287,003	4,762,792	78,421	-	-

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Net Position
June 30, 2019
Exhibit 1 (Continued)

	Primary Government			Component Units		
	Governmental	Business-type		Edgecombe	Edgecombe	Public
	Activities	Activities	Total	County	County	Facilities
				ABC Board	Tourism	Corporation
					Development	
					Authority	
Liabilities						
Current liabilities:						
Accounts payable and accrued	\$ 3,607,100	\$ 319,902	\$ 3,927,002	\$ 174,113	\$ -	\$ -
Due to other governments	-	11,331	11,331	-	-	-
Due to component units	22,835	-	22,835	-	-	-
Due to primary government	-	-	-	94,779	-	-
Accrued interest payable	323,430	40,446	363,876	-	-	-
Compensated absences - current	-	-	-	-	-	-
Long-term debt - due within one year	2,805,123	828,666	3,633,789	-	-	534,000
Liabilities to be paid from restricted						
Accounts payable and accrued	-	4,900	4,900	-	-	-
Customer deposits	-	114,185	114,185	-	-	-
Total current liabilities	6,758,488	1,319,430	8,077,918	268,892	-	534,000
Long-term liabilities:						
Accrued landfill closure and post-closure care costs	-	4,753,765	4,753,765	-	-	-
Compensated absences	1,219,230	63,903	1,283,133	26,002	-	-
Total OPEB liability	7,906,924	469,869	8,376,793	-	-	-
Net pension liability - LGERS	5,305,676	221,644	5,527,320	79,236	-	-
Total pension liability - LEOSSA	1,627,102	-	1,627,102	-	-	-
Long-term debt - due in more than one year	35,177,721	14,937,957	50,115,678	-	-	4,548,000
Total long-term liabilities	51,236,653	20,447,138	71,683,791	105,238	-	4,548,000
Total liabilities	57,995,141	21,766,568	79,761,709	374,130	-	5,082,000
Deferred Inflows of Resources						
Pension deferrals	358,873	9,110	367,983	410	-	-
OPEB deferrals	584,479	34,733	619,212	-	-	-
Prepaid taxes	118,250	-	118,250	-	-	-
Total deferred inflows of resources	1,061,602	43,843	1,105,445	410	-	-
Net Position						
Net investment in capital assets	983,252	42,401,438	43,384,690	673,182	-	-
Restricted						
Stabilization by state statute	9,363,661	-	9,363,661	-	-	-
Debt Service	-	109,172	109,172	-	-	-
Schools	107,388	-	107,388	-	-	-
Economic development	-	-	-	-	141,512	-
Public Safety E-911	433,787	-	433,787	-	-	-
Working Capital	-	-	-	545,626	-	-
Unrestricted	5,375,222	(5,155,816)	219,406	528,136	-	-
Total net position	\$ 16,263,310	\$ 37,354,794	\$ 53,618,104	\$ 1,746,944	\$ 141,512	\$ -

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019
Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 6,112,404	\$ 585,697	\$ 5,343,098	\$ -
Public safety	14,617,955	1,294,537	1,092,696	-
Transportation	124,203	-	-	-
Economic and physical development	2,358,938	684,522	107,217	-
Human services	17,992,169	407,309	11,981,909	-
Cultural and recreational	599,723	-	-	-
Environmental protection	1,665,524	-	-	-
Education	12,475,627	-	-	-
Interest on long-term debt	1,250,465	-	-	-
Total governmental activities	57,197,008	2,972,065	18,524,920	-
Business-type activities:				
Water and sewer operations	4,663,804	4,290,983	-	-
Solid waste	2,974,525	2,337,690	148,651	-
Total business-type activities	7,638,329	6,628,673	148,651	-
Total primary government	\$ 64,835,337	\$ 9,600,738	\$ 18,673,571	\$ -
Component units:				
Edgecombe County ABC Board	\$ 3,974,982	\$ 4,019,955	\$ -	\$ -
Tourism development authority	102,945	-	-	-
Public Facilities Corporation	251,089	-	-	-
Total component units	\$ 4,329,016	\$ 4,019,955	\$ -	\$ -
General revenues:				
Property taxes, levied for general purposes				
Local option sales taxes				
Other taxes and licenses				
Grants and contributions not restricted to specific programs				
Investment earnings, unrestricted				
Miscellaneous, unrestricted				
Gain (loss) on disposal of capital assets				
Total general revenues excluding transfers and special items				
Transfers				
Total general revenues, special items, and transfers				
Change in net position				
Net position, beginning of year				
Restatement				
Cumulative effect of change in accounting principle				
Net position, beginning of year, restated				
Net position, end of year				

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019
Exhibit 2

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Edgecombe County		
			Edgecombe County ABC Board	Tourism Development Authority	Public Facilities Corporation
\$ (183,609)	\$ -	\$ (183,609)			
(12,230,722)	-	(12,230,722)			
(124,203)	-	(124,203)			
(1,567,199)	-	(1,567,199)			
(5,602,951)	-	(5,602,951)			
(599,723)	-	(599,723)			
(1,665,524)	-	(1,665,524)			
(12,475,627)	-	(12,475,627)			
(1,250,465)	-	(1,250,465)			
(35,700,023)	-	(35,700,023)			
-	(372,821)	(372,821)			
-	(488,184)	(488,184)			
-	(861,005)	(861,005)			
(35,700,023)	(861,005)	(36,561,028)			
			\$ 44,973	\$ -	\$ -
			-	(102,945)	-
			-	-	(251,089)
			44,973	(102,945)	(251,089)
\$ 32,112,327	\$ -	\$ 32,112,327	\$ -	\$ -	\$ -
7,998,428	-	7,998,428	-	-	-
123,536	-	123,536	-	105,369	-
468,337	-	468,337	-	-	-
107,763	3,974	111,737	1,587	-	251,089
592,402	31,450	623,852	9,902	2,240	-
979,174	-	979,174	(6,462)	-	-
42,381,967	35,424	42,417,391	5,027	107,609	251,089
(331,360)	331,360	-	-	-	-
42,050,607	366,784	42,417,391	5,027	107,609	251,089
6,350,583	(494,221)	5,856,362	50,000	4,664	-
9,912,727	37,572,381	47,485,108	1,696,944	136,848	-
-	276,634	276,634	-	-	-
-	-	-	-	-	-
9,912,727	37,849,015	47,761,742	1,696,944	136,848	-
\$ 16,263,310	\$ 37,354,794	\$ 53,618,104	\$ 1,746,944	\$ 141,512	\$ -

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019
Exhibit 3

	General Fund	Nonmajor Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 13,877,734	\$ 401,371	\$ 14,279,105
Restricted cash and cash equivalents	687,926	-	687,926
Taxes receivable, net	4,244,320	156,445	4,400,765
Receivables, net	487,054	-	487,054
Due from other funds	2,320,882	-	2,320,882
Due from other governments	6,309,821	334,678	6,644,499
Due from component unit	94,779	-	94,779
Prepaid expenses	1,290,043	-	1,290,043
Total assets	29,312,559	892,494	30,205,053
Liabilities			
Accounts payable and accrued liabilities	3,493,083	114,017	3,607,100
Due to other funds	-	708,472	708,472
Due to component unit	22,835	-	22,835
Total liabilities	3,515,918	822,489	4,338,407
Deferred Inflows of Resources	4,492,493	139,485	4,631,978
Fund Balances			
Nonspendable - prepaid expenses	1,290,043	-	1,290,043
Restricted:			
Stabilization by state statute	9,084,127	279,534	9,363,661
Schools	107,388	-	107,388
Economic development	-	-	-
Public Safety E-911	-	433,787	433,787
Committed:			
Tax revaluation and mapping	483,068	-	483,068
Economic development	-	-	-
Assigned:			
Subsequent year's expenditures	4,863,690	-	4,863,690
Unassigned	5,475,832	(782,801)	4,693,031
Total fund balances	21,304,148	(69,480)	21,234,668
Total liabilities, deferred inflows of resource, and fund balances	\$ 29,312,559	\$ 892,494	\$ 30,205,053

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019
Exhibit 3

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balance - governmental funds	\$ 21,234,668
Net pension asset	60,281
Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds.	2,100,927
Charges related to advance refunding bond issue.	88,726
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	
Capital assets used in governmental activities	64,429,144
Accumulated depreciation	<u>(25,679,346)</u>
Net capital assets used in governmental activities	38,749,798
Investment in long-term capital lease receivable is not period expenditures	436,677
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,214,352
Benefit payments and administrative costs for LEOSSA	74,417
Pension related deferrals	2,658,941
OPEB deferrals	(503,999)
Deferred inflows of resources for taxes and special assessments receivable	
Taxes receivable - General Fund	4,244,320
Taxes receivable - Special Revenue Funds	139,485
Other deferred revenues	10,262
Deferred revenues - Health Department	16,894
Interest on taxes receivable	102,767
Some liabilities, including bonds payable, other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the fund statements:	
Compensated absences	(1,219,230)
Net pension liability -LGERS	(5,305,676)
Total pension liability - LEOSSA	(1,627,102)
Total OPEB liability	(7,906,924)
Accrued interest	(323,430)
Long-term debt	<u>(37,982,844)</u>
Net position of governmental activities	\$ 16,263,310

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019
Exhibit 4

	Major	Non-Major	
	General	Other Governmental Funds	Total
Revenues			
Ad valorem taxes	\$ 30,895,217	\$ 1,170,861	\$ 32,066,078
Local option sales taxes	7,074,807	923,621	7,998,428
Other taxes and licenses	123,536	-	123,536
Unrestricted intergovernmental	468,337	-	468,337
Restricted intergovernmental	18,325,918	199,002	18,524,920
Permits and fees	1,376,389	-	1,376,389
Sales and services	1,684,414	41,159	1,725,573
Investment earnings	107,763	-	107,763
Miscellaneous	592,402	-	592,402
Total revenues	60,648,783	2,334,643	62,983,426
Expenditures			
Current:			
General government	6,021,305	-	6,021,305
Public safety	13,695,324	1,300,079	14,995,403
Transportation	124,203	-	124,203
Economic and physical development	4,606,827	8,218,236	12,825,063
Human services	17,613,189	-	17,613,189
Cultural and recreational	599,723	-	599,723
Environmental protection	1,665,524	-	1,665,524
Intergovernmental:			
Education	11,552,006	923,621	12,475,627
Debt service:			
Principal retirement	3,275,901	-	3,275,901
Interest and fees	1,101,329	17,500	1,118,829
Total expenditures	60,255,331	10,459,436	70,714,767
Excess (deficiency) of revenues over expenditures	393,452	(8,124,793)	(7,731,341)
Other financing sources (uses)			
Proceeds of long-term debt	395,349	7,000,000	7,395,349
Proceeds from sale of capital assets	15,002	-	15,002
Transfers from other funds	6,230,242	1,012,144	7,242,386
Transfers to other funds	(7,573,746)	-	(7,573,746)
Total other financing sources (uses)	(933,153)	8,012,144	7,078,991
Net change in fund balances	(539,701)	(112,649)	(652,350)
Fund balances, beginning of year	21,843,849	43,169	21,887,018
Fund balances, end of year	\$ 21,304,148	\$ (69,480)	\$ 21,234,668

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019
Exhibit 4

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

Net changes in fund balances - total governmental funds	\$	(652,350)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 11,980,404		
Depreciation expense for governmental assets	<u>(1,397,264)</u>		10,583,140

Collection of capital lease principal reflected as revenue		(129,897)
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Gain (loss) from change in net investment in joint venture Rocky Mount Wilson Airport, not recognized on the modified accrual basis		964,172
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Increase in deferred inflows of resources - taxes receivable	43,654		
Increase in deferred inflows of resources - other revenues	<u>2,594</u>		46,249

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		1,214,352
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Benefit payments and administration costs for LEOSA are deferred outflows of resources on the Statement of net position		74,417
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The issuance of long-term debt 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 has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds of long-term debt	\$ (7,395,349)		
Principal payments on long-term debt	<u>3,275,901</u>		(4,119,448)

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:

Compensated absences		8,913	
Other post employment benefits expense		122,524	
Accrued interest		(152,115)	
Amortization of premium on debt		42,661	
Amortization of charges for advance refunding of debt		(22,182)	
Pension expense		<u>(1,629,852)</u>	

Total changes in net position of governmental activities	\$	6,350,583
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The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2019
Exhibit 5

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues				
Ad valorem taxes	\$ 26,886,000	\$ 30,086,000	\$ 30,895,217	\$ 809,217
Local option sales taxes	5,500,000	5,500,000	7,074,807	1,574,807
Other taxes and licenses	95,500	117,500	123,536	6,036
Unrestricted intergovernmental	340,000	340,000	468,337	128,337
Restricted intergovernmental	14,002,035	44,065,080	18,325,918	(25,739,162)
Permits and fees	616,370	676,822	1,376,389	699,567
Sales and services	2,235,473	2,209,198	1,684,414	(524,784)
Investment earnings	31,500	31,500	107,763	76,263
Miscellaneous	94,000	220,459	592,402	371,943
Total revenues	49,800,878	83,246,559	60,648,783	(22,597,776)
Expenditures				
Current:				
General government	7,127,342	8,352,878	6,021,305	2,331,573
Public safety	12,798,554	13,654,724	13,695,324	(40,600)
Transportation	62,032	178,776	124,203	54,573
Economic and physical development	748,010	20,918,237	4,606,827	16,311,410
Human services	19,448,385	21,351,215	17,613,189	3,738,026
Cultural and recreational	614,633	614,640	599,723	14,917
Environmental protection	-	1,972,070	1,665,524	306,546
Intergovernmental:				
Education	13,229,724	12,552,007	11,552,006	1,000,001
Debt service				
Principal retirement	2,163,908	3,139,037	3,275,901	(136,864)
Interest and other charges	395,074	1,112,385	1,101,329	11,056
Debt issuance costs	-	2,000	-	2,000
Total expenditures	56,587,662	83,847,969	60,255,331	23,592,638
Revenues over (under) expenditures	(6,786,784)	(601,410)	393,452	994,862
Other financing sources (uses)				
Proceeds of long-term debt	-	395,349	395,349	-
Proceeds from sale of Hospice Agency	-	-	-	-
Proceeds from sale of capital assets	10,000	10,000	15,002	5,002
Transfer from other funds	6,192,835	6,230,262	6,230,242	(20)
Transfers to other funds	(6,192,835)	(7,242,386)	(7,573,746)	(331,360)
Total other financing uses	10,000	(606,775)	(933,153)	(326,378)
Appropriated fund balance	4,863,691	7,768,577	-	(7,768,577)
Net change in fund balance	\$ (1,913,093)	\$ 6,560,392	(539,701)	\$ (7,100,093)
Fund balance, beginning of year, as previously reported			21,360,781	
Prior period adjustment			-	
Fund balance, beginning of year			21,360,781	
Fund balance, end of year			\$ 20,821,080	

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended June 30, 2019
Exhibit 5

Fund balance, end of year	\$ 20,821,080
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A Legally budgeted Tax Revaluation Fund is consolidated
into the General Fund for reporting purposes:

Expenditures	-
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Fund balance, beginning of year	483,068
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Fund balance, end of year (Exhibit 4)	\$ 21,304,148
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The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2019
Exhibit 6

	Major		
	Water and Sewer Operations	Solid Waste Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 7,168	\$ 1,124,180	\$ 1,131,348
Receivables, net	780,994	85,937	866,931
Due from other governments	-	49,459	49,459
Total current assets	788,162	1,259,576	2,047,738
Noncurrent assets:			
Restricted cash and cash equivalents	260,914	13,899	274,813
Net pension asset	-	-	-
Capital assets:			
Land and construction in progress	51,992	1,151,736	1,203,728
Other capital assets, net of depreciation	53,291,771	3,672,562	56,964,333
Total capital assets	53,343,763	4,824,298	58,168,061
Total noncurrent assets	53,604,677	4,838,197	58,442,874
Total assets	54,392,839	6,097,773	60,490,612
Deferred Outflows of Resources			
Deferred cost of refunding	109,000	-	109,000
Pension deferrals	105,869	67,351	173,220
OPEB deferrals	2,002	2,781	4,783
Total deferred outflows of resources	216,871	70,132	287,003

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2019
Exhibit 6

	Major		
	Water and Sewer Operations	Solid Waste Fund	Total
Liabilities			
Current liabilities:			
Liabilities payable from restricted assets			
Accounts payable and accrued liabilities	\$ 4,900	\$ -	\$ 4,900
Customer deposits	100,286	13,899	114,185
Accounts payable and accrued liabilities	56,231	263,671	319,902
Due to other funds	1,612,410	-	1,612,410
Due to other governments	11,331	-	11,331
Accrued interest	40,446	-	40,446
Notes payable - current	73,106	77,760	150,866
Revenue bonds payable - current	33,000	-	33,000
General obligation bonds payable - current	56,000	-	56,000
Limited obligation bonds - current	588,800	-	588,800
Total current liabilities	2,576,510	355,330	2,931,840
Long-term liabilities:			
Accrued landfill closure and post-closure costs	-	4,753,765	4,753,765
Compensated absences	42,651	21,252	63,903
Total OPEB liability	196,683	273,186	469,869
Net pension liability	135,465	86,179	221,644
Notes payable	1,116,541	110,320	1,226,861
Revenue bonds payable	1,684,000	-	1,684,000
General obligation bonds payable	3,348,000	-	3,348,000
Limited obligations bonds	8,679,096	-	8,679,096
Total long-term liabilities	15,202,436	5,244,702	20,447,138
Total liabilities	17,778,946	5,600,032	23,378,978
Deferred Inflows of Resources			
Pension deferrals	5,568	3,542	9,110
OPEB deferrals	14,539	20,194	34,733
Total deferred inflows of resources	20,107	23,736	43,843
Net Position			
Net investment in capital assets	37,765,220	4,636,218	42,401,438
Restricted	109,172	-	109,172
Unrestricted	(1,063,735)	(4,092,081)	(5,155,816)
Total net position	\$ 36,810,657	\$ 544,137	\$ 37,354,794

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019
Exhibit 7

	Major		
	Water and Sewer Operations	Solid Waste Fund	Total
Operating Revenues			
Charges for services	\$ 4,176,379	2,286,468	\$ 6,462,847
Water and sewer taps	97,619	-	97,619
Administration fees	2,400	-	2,400
Other operating revenues	14,585	51,222	65,807
Total operating revenues	4,290,983	2,337,690	6,628,673
Operating Expenses			
Salaries and employee benefits	589,548	872,727	1,462,275
Water purchases	1,183,273	-	1,183,273
Water and sewer operations	580,811	-	580,811
Sewer costs	445,659	-	445,659
Landfill operations	-	1,618,849	1,618,849
Landfill closure and post-closure care costs	-	259,146	259,146
Depreciation	1,328,716	223,803	1,552,519
Total operating expenses	4,128,007	2,974,525	7,102,532
Operating income (loss)	162,976	(636,835)	(473,859)
Non-Operating Revenues (Expenses)			
Solid waste disposal tax	-	20,163	20,163
Scrap tire disposal tax	-	73,955	73,955
White goods disposal tax	-	21,828	21,828
White goods grant	-	21,281	21,281
Waste reduction and recycling grant	-	11,424	11,424
Investment earnings	3,974	-	3,974
Interest expense	(535,797)	-	(535,797)
Miscellaneous	20,042	11,408	31,450
Total non-operating revenue (expense)	(511,781)	160,059	(351,722)
Income (loss) before transfers and capital contributions	(348,805)	(476,776)	(825,581)
Transfers in (out)	-	331,360	331,360
Change in net position	(348,805)	(145,416)	(494,221)
Total net position, beginning of year	36,882,828	689,553	37,572,381
Restatement (Note 3-N)	276,634	-	276,634
Total net position, beginning of year, restated	37,159,462	689,553	37,849,015
Net position, end of year	\$ 36,810,657	\$ 544,137	\$ 37,354,794

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019
Exhibit 8

	Major		
	Water and Sewer Operations	Solid Waste Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 4,220,081	\$ 2,300,628	\$ 6,520,709
Cash paid for goods and services	(3,087,401)	(1,677,996)	(4,765,397)
Cash paid to employees for services	(588,797)	(704,242)	(1,293,039)
Customer deposits received, net	(23,249)	(1,334)	(24,583)
Other operating revenues	16,985	51,222	68,207
Net cash provided by operating activities	537,619	(31,722)	505,897
Cash flows from non-capital financing activities			
Solid waste disposal tax	-	18,978	18,978
Scrap tire disposal tax	-	73,881	73,881
White goods disposal tax	-	21,412	21,412
White goods grant	-	13,146	13,146
Miscellaneous	20,042	11,408	31,450
Transfers in (out)	-	331,360	331,360
Net cash provided by non-capital financing activities	20,042	470,185	490,227
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(928,491)	(555,095)	(1,483,586)
Advances from (to) other funds, net	(68,390)	-	(68,390)
Principal paid on bond maturities and notes payable	(775,680)	(77,760)	(853,440)
Interest paid on bond maturities and notes payable	(535,797)	-	(535,797)
Capital contributions - grants	1,178,489	-	1,178,489
Net cash used by capital and related financing activities	(1,129,869)	(632,855)	(1,762,724)
Cash flows from investing activities			
Interest on investments	\$ 3,974	\$ -	\$ 3,974
Net cash provided by investing activities	3,974	-	3,974
Net decrease in cash and cash equivalents	(568,234)	(194,392)	(762,626)
Cash and cash equivalents, beginning of year	836,316	1,332,471	2,168,787
Cash and cash equivalents, end of year	\$ 268,082	\$ 1,138,079	\$ 1,406,161
Cash and cash equivalents	\$ 7,168	\$ 1,124,180	\$ 1,131,348
Restricted cash and cash equivalents	260,914	13,899	274,813
Total cash and cash equivalents	\$ 268,082	\$ 1,138,079	\$ 1,406,161

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019
Exhibit 8

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

Operating income (loss)	\$ 162,976	\$ (636,835)	\$ (473,859)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,328,716	223,803	1,552,519
Landfill closure and post-closure care costs	-	259,146	259,146
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(53,918)	14,160	(39,758)
Increase (decrease) in accounts payable	(879,912)	(59,147)	(939,059)
(Increase) decrease in due to other governments	2,254	-	2,254
Increase (decrease) in customer deposits	(23,249)	(1,334)	(24,583)
(Increase) decrease in deferred outflows of resources - pensions	(32,696)	(25,235)	(57,931)
(Increase) decrease in deferred outflows of resources - OPEB	578	(1,296)	(718)
Increase (decrease) in net pension liability	39,973	31,218	71,191
Increase (decrease) in deferred inflows of resources - pensions	1,337	1,107	2,444
Increase (decrease) in deferred inflows of resources - OPEB	5,096	14,759	19,855
Increase (decrease) in total OPEB liability	(16,335)	150,581	134,246
Increase (decrease) in compensated absences	2,799	(2,649)	150
Total adjustments	374,643	605,113	979,756
Net cash provided by operating activities	\$ 537,619	\$ (31,722)	\$ 505,897

The accompanying notes are an integral part of the financial statements

Edgecombe County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019
Exhibit 9

	Agency Funds
Assets	
Cash and cash equivalents	\$ 427,109
Total assets	\$ 427,109
Liabilities	
Miscellaneous liabilities	\$ 231,652
Due to other governments	195,457
Total liabilities	\$ 427,109

The accompanying notes are an integral part of the financial statements

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Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Edgecombe County, North Carolina and its component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting Entity

The County, which is governed by a seven-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable.

The Edgecombe County Water Districts (the "Districts"), which have a June 30th year-end, exist to provide and maintain a water system for the County residents within the districts. The Districts are combined and presented as if they were a separate proprietary fund in the County's financial statements (blended presentation). The County entered into an agreement during the fiscal year 2006, with each existing District and which will encompass additional Districts as they are created, that transferred all assets, liabilities (excluding bond indebtedness, loans, and installment notes, along with accrued interest payable), operational rights, and responsibilities to the County. In consideration for this agreement, along with related accrued interest payable, the County agreed to pay the Districts an amount equal to debt service costs for the respective Districts for the duration of the respective bonds, loans, and notes. The County maintains the Districts' assets, provides water and sewer operations, and makes payments on outstanding debts on behalf of the respective Districts. Therefore, the County's financial statements reflect the assets and debts in the Edgecombe County Water and Sewer Operations Fund. The Board of County Commissioners sits as the Board of each District. No separate financial statements are issued by these Districts. Per a Utility System Transfer Agreement dated August 1, 2015, the Town of Princeville transferred the assets and liabilities of the Town's water and sewer system to Edgecombe County. The Town of Princeville became Edgecombe County Water District No. 6.

Edgecombe County Public Facilities Corporation ('the Corporation'), a nonprofit corporation organized under the laws of the State of North Carolina was incorporated in 2013 for the purpose of promoting the welfare of the citizens of the County by assisting the County in carrying out its governmental functions, including the financing of real estate and improvements, facilities and equipment. The County entered into an agreement during fiscal year 2015, for the acquisition and construction of a BioTech and Medical Simulation Center ('the project') for Edgecombe Community College ('ECC'). On October 6, 2014, the Corporation entered into a loan agreement to fund the project. The County agreed in a Memorandum of Agreement to provide funds to the Corporation to make all debt service payments under the loan agreement. The County Manager sits as the President and Treasurer of the Corporation. The Corporation, which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation).

Edgecombe County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Edgecombe County ABC Board (ABC Board) is a corporate body with powers outlined by N.C.G.S. 18B-701. The Members of the ABC Board's governing board are appointed by the County Board of Commissioners. The ABC Board is required by State Statute to distribute its surpluses to the General Fund of the County (and its municipalities), which represents a financial benefits to the County. The ABC Board, which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation).

The Edgecombe County Tourism Development Authority (TDA) was established effective September 2, 2013 by the Board of Commissioners under the authority of North Carolina State Legislature House Bill 529 approved July 9, 2013. The TDA was incorporated on October 14, 2014 as a non-profit corporation. The nine member Board consists of four members each appointed by The Edgecombe County Board of Commissioners and the Town of Tarboro and one member appointed by the Edgecombe County Chamber of Commerce.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Edgecombe County Water District No. 1	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 2	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 3	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 4	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 5	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 6 (Town of Princeville)	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause. There was no activity within the Authority during the fiscal year ended June 30, 2019.	None issued

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (Continued)

Edgecombe County ABC Board	Discrete	The members of the ABC Board's governing body are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County.	Edgecombe County ABC Board 404 W. Wilson Street Tarboro, NC 27886
Edgecombe County Tourism Development Authority	Discrete	The Authority exists to promote tourism within the county. The members of the TDA's governing board are appointed by the County, the Town of Tarboro and the Chamber of Commerce. Funds are generated through a 6% occupancy tax. .	None issued
Edgecombe County Public Facilities Corporation	Discrete	The members of the Corporation's Board are appointed by the County. The County and the Corporation have a financial benefit or burden relationship.	None issued

The purpose of the TDA is to promote the development of travel and tourism related activities in Edgecombe County, North Carolina, through State, regional and national advertising, marketing, and promotional activities and campaigns. The TDA has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation, Measurement Focus – Basis of Accounting (continued)

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

The County reports the following major enterprise funds:

Water and Sewer Operations Fund: This fund is used to account for the operations of the Edgecombe County water districts and the related capital projects within the County. Water and sewer capital projects funds are consolidated with the operations fund for financial reporting purposes.

Solid Waste Fund: This fund accounts for the operations of the County's Solid Waste and Landfill activities. The Landfill Closure and Post-Closure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and post-closure care costs that will be incurred by the landfill in the future. The Landfill Closure and Post-Closure Reserve fund has been consolidated with the operation fund for financial reporting purposes.

The County reports the following fund types:

Agency Funds: Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Edgecombe County Board of Education and the Nash Rocky Mount Schools Board of Education; the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Deed of Trust Fee

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation, Measurement Focus – Basis of Accounting (continued)

Fund, which accounts for the \$5 of each fee collected by the Register of Deeds for registering a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Non-major Funds: The County maintains three annually budgeted funds. The Fire Districts Fund, Industrial Sites Development Fund, and Emergency Telephone System Fund, are reported as non-major special revenue funds. The Schools Capital Project Fund is reported as non-major capital project funds. The CDBG Grant Fund, and the Economic Development and Housing Recovery Fund are reported as grant projects funds and multi-year budgets are adopted upon project approval.

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

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

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

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

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

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation, Measurement Focus – Basis of Accounting (continued)

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Actual results may differ from those estimates.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Revaluation Fund, Fire Districts Fund, Industrial Sites Development Fund, School Capital Project Fund, Emergency Telephone System Fund, Water and Sewer Operations Fund, and Solid Waste Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the, Community Development Block Grant Fund, Economic Development and Housing Recovery Fund, and the Water Districts Capital Projects funds. The Landfill Closure and Post-closure Reserve Fund and the Enterprise Capital Project funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000. The County manager may move up to \$10,000 between line items appropriations and must provide a list of such changes to the Board at the next meeting. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary.

The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget to cover that time until the annual ordinance can be adopted.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- | | |
|----------|---|
| April 30 | Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year. |
| June 1 | The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time. |
| July 1 | The budget ordinance shall be adopted by the governing board. |

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the County, Edgecombe County ABC Board and the Edgecombe County Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, the ABC Board, and Tourism Development Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, the ABC Board and Tourism Development Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

The majority of the County, ABC Board, and Tourism Development Authority's investments are carried at fair value. Non-participating interest earnings contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, a SEC-registered external investment pool meets all of the specified criteria in Section 150: Investments of the GASB Codification to qualify to elect to measure their investments at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board and Edgecombe County Tourism Development Authority considers demand deposits and investments purchased with an original maturity of three months or less and which are not limited as to use to be cash and cash equivalents.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

3. Restricted Assets

The unexpended debt proceeds of the water capital project funds of \$109,172 are classified as restricted assets because their use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund and Debt Service Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Restricted cash and cash equivalents consists of the following at June 30, 2019:

Governmental Activities:

Revaluation Fund - G.S. 153A-150	\$	483,068
Debt Service Fund		107,388
General Fund - Public Safety		97,470
Total governmental activities	\$	687,926

Business-type Activities:

Customer Deposits:		
Solid Waste Fund	\$	13,899
Total restricted to customer deposits		13,899
Water Fund debt reserve		151,742
Unexpended debt proceeds		109,172
Total business-type activities	\$	274,813

4. Other Assets

Capital Lease Receivable: The County's capital lease receivable is recorded at the present value of future lease payments, and interest is recognized as received in the government-wide statements. In the fund statements, all payments are recognized as income as they are received.

5. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity

6. Allowance for Doubtful Accounts

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

7. Inventory and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost (first-in, first-out) or market. The cost of the inventory carried in the ABC Board is recorded as an expense as it is consumed or sold.

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

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

	Years
Buildings	31 – 50
Improvements	25
Furniture and equipment	10
Computer equipment	3
Vehicles	3 - 5

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

8. Capital Assets (continued)

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	Years
Buildings	20
Leasehold improvements	10 – 20
Furniture and equipment	10
Vehicles	3 - 5

9. Deferred Outflows/Inflows of Resources

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

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

10. Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In 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 is reported as other financing sources. Premiums received on debt 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.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

11. Compensated Absences

The vacation policy of the County and the ABC Board provides for the accumulation of up to thirty days earned vacation leave for regular employees and forty-five days for law enforcement officers, with such leave being fully vested when earned. For the County's government-wide and proprietary funds and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The County has assumed a first-in, first-out method of using accumulated compensated time.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the County nor the ABC Board has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either 9(a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Prepaid items - portion of fund balance is not an available resource because it represents the year-end balance of prepaid expenses, which are not spendable resources.

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

Restricted for Stabilization by State Statute – Portion of fund balance that is restricted by State Statute [GS 159-8(a)].

Edgecombe County, North Carolina
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

12. Net Position/Fund Balances (continued)

Fund Balances (continued)

Restricted for Register of Deeds – Portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds' office.

Restricted for Public Safety – Portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Schools – Portion of fund balance that can only be used for School Capital per G.S.159-18-22.

Restricted for Economic Development – Portion of fund balance that is restricted by revenue source for economic and physical development activities.

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote of Edgecombe County's governing body (highest-level of decision making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation – Portion of fund balance that can only be used for Tax Revaluation.

Committed for Economic Development – Portion of fund balance representing income from an economic development project that can only be used for economic development purposes.

Assigned Fund Balance – Portion of fund balance that Edgecombe County's governing body has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Budget Officer to modify the appropriations by resource or appropriation within funds up to \$5,000.

Unassigned Fund Balance – Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

Edgecombe County, North Carolina

Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

12. Net Position/Fund Balances (continued)

Fund Balances (continued)

Edgecombe County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that unassigned fund balance is at least equal to 15% of General Fund expenditures. Any portion of the unassigned General Fund balance in excess of 20% of General Fund expenditures may be allocated to a capital reserve fund at the discretion of the Board of Commissioners. The Commissioners may appropriate fund balance in the event of an emergency that will reduce unassigned fund balance below 15% of expenditures. In such circumstances, the Board will adopt a plan to restore unassigned fund balance to the target level within 24 months.

13. Defined Benefit Pension Plans

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

E. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of (\$5,023,215) consists of several elements as shown on the following page:

Description	Amount
Total fund balances - governmental funds	\$ 21,234,668
Net pension asset	60,281
Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds.	2,100,927
Charges related to advance refunding bond issue.	88,726

Edgecombe County, North Carolina
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund statements.

Historical cost of capital assets	64,429,144	
Accumulated depreciation	<u>(25,679,346)</u>	38,749,798

Investment in long-term capital lease receivable is not available to pay current period expenditures	436,677
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Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Activities	1,214,352
Benefit payments and administrative costs for LEOSA	74,417
Pension related deferrals	2,658,941
OPEB deferrals	(503,999)

Deferred inflows of resources reported in the fund statements but not the government-wide statements.

Taxes receivable - General Fund	4,244,320
Taxes Receivable - Special Revenue Funds	139,485
Other deferred revenues	10,262
Deferred revenues - Health Department	16,894
Interest on taxes receivable	102,767

Total deferred inflows	4,513,729
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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements.

Compensated absences	(1,219,230)
Net pension liability	(5,305,676)
Total pension liability - LEOSA	(1,627,102)
Total OPEB liability	(7,906,924)
Accrued interest	(323,430)
Long-term debt	(37,982,844)

Total	(54,365,206)
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Total adjustment	(4,971,358)
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Net position of governmental activities	\$ 16,263,310
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2. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in total fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The total adjustment of \$6,495,683 consists of several elements as shown on the following page:

Edgecombe County, North Carolina
Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Description	Amount
Net change in fund balances - governmental funds	\$ (652,350)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	11,980,404
Depreciation expense for governmental assets	<u>(1,397,264)</u>
	10,583,140
Collection of capital lease principal reflected as revenue	(129,897)
Gain (loss) from change in net investment in joint	964,172
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements	
Increase in deferred inflows of resources - taxes receivable	43,654
Increase in deferred inflows of resources - other revenues	<u>2,594</u>
	46,249
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	1,214,352
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of net position	74,417
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position	
	(7,395,349)
Principal payments on debt owed are recorded as a use of funds in the fund statements but only the Statement of Net Position in the government-wide statements.	
	<u>3,275,901</u>
	(4,119,448)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements	
Compensated absences	8,913
Other post employment benefits	122,524
Accrued interest	(152,115)
Amortization of premium on debt	42,661
Amortization of charges for advance refunding of debt	(22,182)
Pension expense	<u>(1,629,852)</u>
Total adjustments	7,002,933
Change in net position of governmental activities	<u>\$ 6,350,583</u>

Edgecombe County, North Carolina
Notes to Financial Statements

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance in an Individual Fund

For the fiscal year ended June 30, 2019, the expenditures made in the ABC Board's proprietary fund exceeded the authorized appropriations made by the governing body in distributions to the municipalities and the County, and cost of goods sold. Management and Board of Directors of the ABC Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2019, the following fund carried deficit fund balances.

Health Department Fund (for reporting, consolidated with the general fund)	\$1,244,988
Water District Capital Project Fund	398,945
Community Development Block Grant Fund	323,508
Industrial Sites Development Fund	184,709
Employee Health Insurance Fund	183,295
Fire District Fund	7,820

For reporting purposes, the Health Department Fund is consolidated with the County's General Fund.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the following departments' expenditures exceeded amount approved in the budget ordinance and subsequent amendments.

Transfers to Other Funds – General Fund	\$331,360
Principal Retirement – General Fund	136,864
Fire Districts Fund	84,281
School Capital Projects Fund	55,335
County Administration – General Fund	25,751
Recreation – General Fund	20,514
Communicable Diseases (Health Department) – General Fund	10,363
Finance – General Fund	10,261
Adult Health (Health Department) – General Fund	9,058
Health Department – General Fund	6,857
Juvenile Crime Prevention	4,800
Gang Violence Prevention – General Fund	2,107
HIV/STD Prevention Risk Reduction Program – General Fund	74

Edgecombe County, North Carolina

Notes to Financial Statements

Note3: DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the County's, the ABC Board's, and Tourism Development Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the ABC Board's, or the Tourism Development Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, and Tourism Development Authority, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, the Tourism Development Authority, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, or Tourism Development Authority under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, the ABC Board, and Tourism Development Authority rely on the State Treasurer to monitor those financial institutions. The County and Tourism Development Authority analyze the financial soundness of any other financial institution used by the County or Tourism Development Authority. The County and Tourism Development Authority comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. Neither the County, the ABC Board nor the Tourism Development Authority has any formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$3,695,714 and a bank balance of \$6,165,209. Of the bank balance, \$337,528 was covered by federal depository insurance and \$5,827,683 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2019 the County had \$3,125 cash on hand.

At June 30, 2019 the carrying amount of deposits for the Edgecombe County ABC Board was \$849,549 and the bank balance was \$1,011,757. Of the bank balance, \$661,177 was covered by federal depository insurance and \$350,580 was covered by collateral held under the Pooling Method. At June 30, 2019, the ABC Board had \$4,250 cash on hand.

At June 30, 2019 the carrying amount of the Tourism Development Authority's deposits was \$118,677 and the bank balance was \$120,992. The entire bank balance was covered by federal depository insurance at June 30, 2019.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

As of June 30, 2019, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 7,950,805	N/A	N/A
NC Capital Management Trust – Term Portfolio*	Fair Value – Level 1	\$5,150,657	\$5,150,657	-
Total		\$13,101,462	\$5,150,657	

* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. The County does not have a formal investment policy.

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

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

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

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

3. Property Tax – Use-Value Assessment on Certain Lands

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

Year Levied	Tax		Interest		Total
2015	\$	2,033,469	\$	665,961	\$ 2,699,430
2016		2,083,659		494,869	2,578,528
2017		2,916,539		430,190	3,346,729
2018		2,969,235		170,731	3,139,966
Total	\$	10,002,902	\$	1,761,751	\$ 11,764,653

4. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

Governmental Activities:	Accounts	Taxes Receivable	Due from Other	Other	Total
General	\$ 500,982	\$ 5,997,303	\$ 6,309,821	\$ -	\$ 12,808,106
Other Governmental	-	156,445	334,678	-	491,123
Total receivables	500,982	6,153,748	6,644,499	-	13,299,229
Allowance for doubtful accounts	(13,928)	(1,752,983)	-	-	(1,766,911)
Total - governmental activities	\$ 487,054	\$ 4,400,765	\$ 6,644,499	-	\$ 11,532,318
Business-type Activities:					
Water and Sewer	\$ 1,362,047	\$ -	\$ -	\$ -	\$ 1,362,047
Solid Waste Fund	263,678	536,084	49,459	-	849,221
Total receivables	1,625,725	536,084	49,459	-	2,211,268
Allowance for doubtful accounts					
Water and Sewer	(581,053)	-			(581,053)
Solid Waste Fund	(177,941)	(535,884)	-	-	(713,825)
Total - business-type activities	\$ 866,731	\$ 200	\$ 49,459	\$ -	\$ 916,390

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Receivables (continue)

Due from other governments that is owed to the County consists of the following:

Description	Governmental Activities	Business-type Activities
NC Division of Motor Vehicles	\$ 413,963	\$ -
North Carolina Department of Revenue		
Local option sales taxes	1,594,543	-
Sales tax refund	380,502	-
White goods disposal taxes	-	5,581
Scrap tire disposal taxes	-	19,298
Solid waste disposal taxes	-	5,022
911 Fees	7,649	-
Health Department		
Medicare / Medicaid	-	-
Health Dept. other receivables	55,935	-
Department of Social Services		
DSS Administrative reimbursement	1,044,036	-
Fedreal Foster Care	9,032	-
24185	24,185	-
DSS other receivables	12,747	-
Other grants	3,101,907	19,558
Totals	\$ 6,644,499	\$ 49,459

Due from primary government for the Tourism Development Authority consists of occupancy taxes collected by Edgecombe County as of June 30, 2019, that are payable to the Tourism Development Authority.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Lease Receivable

The County entered into an agreement for the purchase of an industrial building currently occupied by OSSID LLC for \$1,375,000. The purchase was financed by the County with two notes from North Carolina's Eastern Region. A capital lease agreement was executed with OSSID LLC equal to the debt service payments, taxes, and insurance costs annually for the term of the notes. Under the lease agreement, OSSID LLC has the option to purchase the building for \$1 at the end of the lease or earlier for a price equal to the amount corresponding to the month within which the date of exercise occurs. The purpose of the transaction was for economic development.

The future minimum lease payments as of June 30, 2019 were as follows:

2020	\$	149,000
2021		128,833
2022		102,500
2023		85,417
		<hr/>
Total		465,750
Less amount representing interest		(29,073)
		<hr/>
Total	\$	436,677
		<hr/>

6. Capital Assets

Primary Government – Governmental Activities

Capital asset activity for the year ended June 30, 2019, was as follows:

Governmental Activities	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
<hr/>				
Capital assets not being depreciated:				
Land	\$ 12,029,661	\$ 6,860,145	\$ -	\$ 18,889,806
Construction in progress	-	3,612,184	-	3,612,184
<hr/>				
Total capital assets not being depreciated	12,029,661	10,472,329	-	22,501,990
<hr/>				
Capital assets being depreciated:				
Buildings and improvements	30,035,013	664,771	-	30,699,784
Equipment	5,790,967	224,445	-	6,015,412
Vehicles	4,788,178	618,859	(195,079)	5,211,958
<hr/>				
Total capital assets being depreciated	40,614,158	1,508,075	(195,079)	41,927,154
<hr/>				

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

6. Capital Assets (continued)

Primary Government – Governmental Activities (continued)

Less accumulated depreciation for:				
Buildings and improvements	15,568,543	833,081	-	16,401,624
Equipment	5,373,353	166,351	-	5,539,704
Vehicles	3,535,265	397,832	(195,079)	3,738,018
Total accumulated depreciation	24,477,161	1,397,264	(195,079)	25,679,346
Total capital assets being depreciated, net	16,136,997	110,811	-	16,247,808
Governmental activities capital assets, net	\$ 28,166,658	\$ 10,583,140	\$ -	\$ 38,749,798

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

General government	\$ 341,349
Public safety	670,731
Economic and physical development	6,204
Human services	378,980
Total depreciation expense	\$ 1,397,264

Special Item – Schools, Conduit Debt

During 2006, General Obligation bonds of \$9.37 million were issued for renovation projects on four schools. The titles of these four schools were transferred to the County through an agreement with the Edgecombe County School Board. The title to Phillips School was transferred to the County during the year 2009. This will facilitate accounting for the renovation projects and enable the County to request a refund of sales tax related to the construction. The Board of Education has full use of the facilities and full responsibility for maintenance of the facilities. Once the bond debt is repaid, the title for the schools will revert back to the Edgecombe County School Board. These assets are not recorded on the County's financial statements, as the schools are the property of the Board of Education and are recorded on the financial statements of the Board of Education.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

6. Capital Assets (continued)

Primary Government – Business-Type Activities

Business-type capital asset activity for the year ended June 30, 2019, was as follows:

Water and Sewer Activities	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 51,992	\$ -	\$ -	\$ 51,992
Construction in progress	3,629,936	905,238	(4,535,174)	-
Total capital assets not being depreciated	3,681,928	905,238	(4,535,174)	51,992
Capital assets being depreciated:				
Plants and distribution systems	59,860,324	4,535,174	-	64,395,498
Buildings and improvements	1,166,880	-	-	1,166,880
Equipment	572,872	-	-	572,872
Vehicles	846,111	23,252	-	869,363
Total capital assets being depreciated	62,446,187	4,558,426	-	67,004,613
Less accumulated depreciation for:				
Plants and distribution systems	11,286,811	1,197,206	-	12,484,017
Buildings and improvements	219,602	23,338	-	242,940
Equipment	371,862	50,968	-	422,830
Vehicles	505,851	57,204	-	563,055
Total accumulated depreciation	12,384,126	1,328,716	-	13,712,842
Total capital assets being depreciated, net	50,062,061	3,229,710	-	53,291,771
Water activities capital assets, net	\$ 53,743,989	\$ 4,134,948	\$ (4,535,174)	\$ 53,343,763

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

6. Capital Assets (continued)

Primary Government – Business-Type Activities (continued)

Solid Waste Activities	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,151,736	\$ -	\$ -	\$ 1,151,736
Capital assets being depreciated:				
Buildings	2,177,920	555,095	-	2,733,015
Equipment	2,658,913	-	-	2,658,913
Vehicles	1,965,177	-	(28,155)	1,937,022
Total capital assets being depreciated	6,802,010	555,095	(28,155)	7,328,950
Less accumulated depreciation for:				
Buildings	853,449	64,438	-	917,887
Equipment	1,205,311	104,769	-	1,310,080
Vehicles	1,401,981	54,595	(28,155)	1,428,421
Total accumulated depreciation	3,460,741	223,802	(28,155)	3,656,388
Total capital assets being depreciated, net	3,341,269	331,293	-	3,672,562
Solid Waste activities capital assets, net	\$ 4,493,005	\$ 331,293	\$ -	\$ 4,824,298
Business-type activities capital assets, net	\$ 58,236,994	\$ 4,466,241	\$ (4,535,174)	\$ 58,168,061

Construction Commitments

The County has active construction projects at June 30, 2019. These projects include water system improvements and other capital improvements. At June 30, 2019, the County's commitments with contractors are as follows:

Project	Contract Amount	Spent-To-Date	Remaining Commitment
Water and Sewer System			
Kingsboro Industrial Park - The Wooten Company	\$ 4,403,209	\$ 3,802,299	\$ 600,910

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

6. Capital Assets (continued)

Discretely presented component units

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 148,525	\$ -	\$ -	\$ 148,525
Capital assets being depreciated:				
Buildings and improvements	1,193,896	5,600	(11,589)	1,187,907
Equipment and furniture	236,279	15,514	(15,269)	236,524
Vehicles	56,390	-	-	56,390
Total capital assets being depreciated	1,486,565	21,114	(26,858)	1,480,821
Less accumulated depreciation for:				
Buildings and improvements	759,814	16,639	(5,378)	771,075
Equipment and furniture	144,401	19,957	(10,973)	153,385
Vehicles	28,338	3,366	-	31,704
Total accumulated depreciation	932,553	39,962	(16,351)	956,164
Total capital assets being depreciated, net	554,012	(18,848)	(10,507)	524,657
ABC Board capital assets, net	\$ 702,537	\$ (18,848)	\$ (10,507)	\$ 673,182

Net Investment in Capital Assets

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

	Governmental Activities	Business -Type Activities	ABC Board
Capital Assets, net of depreciation	\$ 38,749,798	\$ 58,168,061	\$ 673,182
Total Debt	37,812,199	15,170,727	-
Add: Premium on debt	170,644	595,896	-
Less:			
Debt not related to capital assets	(216,297)	-	-
Unspent debt proceeds	-	(109,172)	-
Total capital debt	37,766,546	15,657,451	-
Net investment in capital assets	983,252	42,510,610	673,182

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Due to Other Government Component Unit	Accrued Interest	Claims Incurred But Not Reported	Total
Governmental Activities:					
General	\$ 2,883,233	\$ 22,835	\$ 323,430	609,850	\$ 3,839,348
Other governmental	114,017	-	-	-	114,017
Total governmental activities	\$ 2,997,250	\$ 22,835	\$ 323,430	\$ 609,850	\$ 3,953,365
Business-type Activities:					
Water and Sewer Operations	\$ 61,131	\$ 11,331	\$ 40,446	\$ -	\$ 112,908
Solid Waste Fund	263,671	-	-	-	263,671
Total business-type activities	\$ 324,802	\$ 11,331	\$ 40,446	\$ -	\$ 376,579

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employee's Retirement System

Plan Description: The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multi-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27669-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employee's Retirement System (continued)

and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,210,708 for the year ended June 30, 2019.

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

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

At June 30, 2019, the County reported a liability of \$5,527,320 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability (asset) was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 the County's proportion was .23299%, which was a decrease of .01944% from its proportion measured as of **June 30, 2018** June 30, 2018 June 30, 2018.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employee's Retirement System (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2019, the County recognized pension expense of \$1,472,391. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 852,734	\$ 28,614
Changes in assumptions	1,466,737	-
Net differences between projected and actual earnings on pension plan investments	758,737	-
Changes in proportion and differences between County contributions and proportionate share of contributions	30,807	198,572
County contributions subsequent to the measurement date	1,210,708	-
Total	\$ 4,319,723	\$ 227,186

Deferred outflows of resources of \$1,210,708 related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 1,425,914
2020	929,182
2021	129,485
2022	397,249
2023	-
Thereafter	-
Total	\$ 2,881,830

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employee's Retirement System (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. The interest rate of 7.00% was adopted by the Board of Trustees on January 31, 2018.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employee's Retirement System (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 13,277,101	\$ 5,527,320	\$ (948,519)

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

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Edgecombe County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	9
Active plan members	56
Total	65

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that's meets the following criteria which are outlined in GASB Statement 73:

3. Actuarial Assumptions

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

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

The discount rate is based on the weekly average of the S&P Municipal Bond 20-year High Grade Rate Index determined as of December 31, 2017.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance

3. Actuarial Assumptions (continued)

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$111,676 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$1,627,102. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$115,749.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 61,725
Changes in assumptions	66,837	69,779
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
County benefit payments and plan administrative expenses made subsequent to the measurement date	74,417	-
Total	\$ 141,254	\$ 131,504

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance

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

\$74,417 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. \$74,417 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (13,336)
2021	(13,336)
2022	(11,721)
2023	(13,475)
2024	(12,799)
Thereafter	-
Total	\$ (64,667)

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
County's proportionate share of the net pension liability (asset)	\$ 1,762,065	\$ 1,627,102	\$ 1,504,107
		2018	2017
Beginning balance		\$ 1,725,677	\$ 1,638,464
Service cost		76,318	67,213
Interest on the total pension liability		52,767	60,987
Changes of benefit terms		-	-
Differences between expected and actual experience in the measurement of the total pension liability		(52,745)	(28,801)
Changes of assumptions or other inputs		(63,239)	104,813
Benefits payments		(111,676)	(116,999)
Other changes		-	-
Ending balance of the total pension liability		\$ 1,627,102	\$ 1,725,677

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance

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

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at December 31, 2017 to 3.64 percent at December 31, 2018.

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County also contributes two percent of salary for other full-time employees not engaged in law enforcement. Also, the law enforcement officers and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$377,943, which includes \$114,556 for law enforcement officers and \$263,387 for other employees. No amounts were forfeited.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Edgecombe County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions: Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,644 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$60,281 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was .36396%, which is an increase of .04534% from its proportion measured as of June 30, 2018.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2019, the County recognized pension expense of \$10,781. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 531	\$ 2,752
Changes in assumptions	2,835	-
Net differences between projected and actual earnings on pension plan investments	9,609	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,207	6,541
County contributions subsequent to measurement date	3,644	-
Total	\$ 18,826	\$ 9,293

\$3,644 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 4,113
2020	(2,547)
2021	2,832
2022	1,491
2023	-
Thereafter	-
Total	\$ 5,889

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

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate: The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset	\$ (47,530)	\$ (60,281)	\$ (71,038)

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

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 5,527,320	\$ (60,281)	\$ -	\$ 5,467,039
Proportion of the Net Pension Liability (Asset)	0.0023299	0.36396%		
Total Pension Liability	-	-	\$ 1,627,102	\$ 1,627,102
Pension Expense	\$ 1,472,391	\$ 10,781	\$ 115,749	\$ 1,598,921

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Registers of Deeds' Supplemental Pension Fund (continued)

1. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Difference between expected and actual experience	\$ 852,734	\$ 531	\$ -	\$ 853,265
Changes of assumptions	1,466,737	2,835	66,837	1,536,409
Net difference between projected and actual earnings on pension plan investments	758,737	9,609	-	768,346
Changes in proportion and differences between County contributions and proportionate share of contributions	30,807	2,207	-	33,014
County contributions (LGERS, ROD) benefit payments and administrative costs (LEOSSA) subsequent to the measurement date	1,210,708	3,644	74,417	1,288,769
Totals	<u>\$ 4,319,723</u>	<u>\$ 18,826</u>	<u>\$ 141,254</u>	<u>\$ 4,479,803</u>
Deferred Inflows of Resources				
Difference between expected and actual experience	\$ 28,614	\$ 2,752	\$ 61,725	\$ 93,091
Changes of assumptions	-	-	69,779	69,779
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	198,572	6,541	-	205,113
Totals	<u>\$ 227,186</u>	<u>\$ 9,293</u>	<u>\$ 131,504</u>	<u>\$ 367,983</u>

e. Edgecombe County ABC Board Pension Plan

Please see the separately issued financial report of the Edgecombe County ABC Board for a complete description of the ABC Board pension plan.

f. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under a County resolution, Edgecombe County provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employer, defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of continuous creditable service with the County. The HCB plan provides health care, prescription drug coverage and dental coverage. The County pays the full cost of coverage for these benefits. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The HCB plan is available to qualified retirees at 100% until the age of 65 or until Medicare eligible, whichever is sooner.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

Healthcare Benefits (continued)

The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

County Contributions based on years of creditable service	
Years of Service	County
At Retirement	Contribution
30 or more	100%
5 to 29	0%

Management of the HCB Plan is vested in the Edgecombe County Board of Commissioners.

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

Retirees and dependents receiving benefits	50
Active plan members	416
Total	466

Total OPEB Liability

The City's total OPEB liability of \$8,376,792 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Real wage growth	1.00 percent
Salary increases, including wage inflation	
General employees	3.50 – 7.75 percent
Law enforcement officers	3.50 – 7.35 percent
Discount rate – Municipal Bond Index Rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Healthcare cost trend rates Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate Rate of 5.00 percent by 2023

The discount rate is based on the yield of the June average of the Bond Buyer General Obligation 20-year Municipal Bond 20 Index published weekly by the Bond Buyer.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

Total OPEB Liability (continued)

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

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Changes in the Total OPEB Liability

	2019	2018
Total OPEB Liability		
Service cost	\$ 337,858	\$ 368,506
Interest	297,467	260,129
Changes of benefit terms	-	-
Differences between expected and actual experience	(99,801)	123,159
Changes of assumptions	(263,221)	(450,724)
Benefit payments	(498,222)	(676,037)
Net change in total OPEB liability	(225,919)	(374,967)
Total OPEB liability - beginning	8,602,712	8,977,679
Total OPEB liability - ending	<u>\$ 8,376,793</u>	<u>\$ 8,602,712</u>

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

	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 9,206,994	\$ 8,376,793	\$ 7,639,696

Edgecombe County, North Carolina
Notes to Financial Statements

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 7,437,917	\$ 8,376,793	\$ 9,496,716

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$529,080. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 85,263	\$ 84,447
Changes in assumptions	-	534,765
Total	\$ 85,263	\$ 619,212

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (106,244)
2020	(106,244)
2021	(106,244)
2022	(106,244)
2023	(81,051)
Thereafter	(27,922)
Total	\$ (533,949)

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Pension Plan and Other Postemployment Obligations (continued)

f. Other Postemployment Benefit (continued)

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions.

The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2019, the County made contributions to the State for death benefits of \$15,247. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The County considers these contributions to be immaterial.

3. Closure and Post-closure Care Costs – Edgecombe County Landfill

State and federal laws and regulations require the County to place a final cover on the Edgecombe County Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,753,765 reported as landfill closure and post closure care liability at **June 30, 2019** represents a cumulative amount reported to date based on the use of 61.63% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$2,959,629 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2019. The County expects to close the landfill in the year 2060. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Closure and Post-closure Care Costs – Edgecombe County Landfill (continued)

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post closure care costs. The County's solid waste closure and post closure care reserve fund held investments with a cost of \$1,525,153 (market value, \$1,525,153) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year end is comprised of the following:

	Statement of Net Position
Pensions - difference between expected and actual experience	\$ 853,265
Pensions - difference between projected and actual investment earnings	768,346
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	33,014
Contributions to pension plan subsequent to measurement date	1,214,352
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of net position	74,417
Pensions - changes in assumptions	1,536,409
Charge on refunding of debt	197,726
OPEB - difference between expected and actual experience	85,263
Totals	\$ 4,762,792

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources at year end is comprised of the following:

	Statement of Net Position	Governmental Funds Balance Sheet
Pensions - difference between expected and actual experience	\$ 93,091	\$ -
share of contributions	205,113	-
Pensions - changes in assumptions	69,779	-
OPEB - difference between expected and actual experience	84,447	
OPEB - changes in assumptions	534,765	-
Prepaid taxes not yet earned (General)	118,250	118,250
Property tax receivable (net) (General)	-	4,352,263
Property taxes receivable (net) (Special Revenue)	-	139,485
Special assessments receivable (General)	-	2,878
Other deferred revenue (General)	-	2,211
Other deferred revenue (Human Services)	-	16,894
Totals	\$ 1,105,445	\$ 4,631,981

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$71.25 million for any one occurrence, general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, cyber liability coverage of \$1 million, crime coverage of \$500,000 per occurrence, and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000.

The County carries flood insurance through the North Carolina Association of County Commissioners (NCACC). Because the County is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the County is eligible to and has purchased adequate flood insurance coverage with a \$25,000 deductible per flood occurrence.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Risk Management (continued)

In accordance with G.S. 159-29, County employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$500,000 and \$100,000, respectively. The sheriff is bonded for \$25,000. The remaining employees who have access to funds are bonded under a blanket bond for \$500,000. The County carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

Edgecombe County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years. In accordance with G.S 18B-700(i), each Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

The County operates a limited risk, self-insurance programs to provided health benefits to County employees. Premiums are paid into the General Fund by all other funds (including amounts withheld from employees) and are available to pay claims and administrative costs of the program. The interfund premiums are based upon actual estimates of the amounts needed to pay prior and current year claims. Administrative services are contracted with CIGNA, Inc. Aggregate stop loss is purchased in the amount of 125% of expected annual claims and losses above \$75,000 on any one claim.

Premiums are paid to the fund by the County for employees and by the employee for dependents. A total of \$4,292,702 in claims was incurred for benefits during the year ended June 30, 2019. Changes in the fund's claims liability amount were as follows:

	Year Ended June 30		
	2019	2018	2017
Unpaid claims, beginning of year	\$ 721,984	\$ 613,530	\$ 687,045
Incurred claims (including Incurred But Not Reported)	4,292,702	4,791,933	4,099,177
Claim payments	(4,404,836)	(4,683,479)	(4,172,692)
Unpaid claims, end of year	\$ 609,850	\$ 721,984	\$ 613,530

6. Contingent Liabilities

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

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations

a. Operating Lease

An agreement was executed on September 9, 2014, between Edgecombe County, Public Facilities Corporation, and Edgecombe Community College, to lease a medical simulation center for Edgecombe Community College. The County is under obligation to appropriate funds for payment of the lease in the amount of \$6,980,250 pursuant to a Memorandum of Understanding between the above mentioned parties. Loan proceeds from PNC bank will be used with Golden Leaf grant proceeds and new market tax credit (NMTC) equity to construct the building. Principal payments will be made by the County, with interest payments from lease proceeds, in twelve (12) annual installments commencing on September 26, 2015 and continuing on the 26th day of each September thereafter, with a final installment due on October 8, 2026.

The County is obligated under other month to month operating leases to make monthly payments of approximately \$36,287 through June 30, 2019. Lease expenditures for the fiscal year ended June 30, 2019 totaled \$78,275.

b. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit and taxing power of the County. Edgecombe County Water Districts issue general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds, which are recorded in each individual Water District's Fund, are collateralized by the full faith, credit, and taxing power of the Districts. Principal and interest payments are appropriated when due.

c. Water Bonds

The Water Districts (blended component units of the County) issued GO debt, the proceeds of which were used to refund existing District debt. The County then issued Limited Obligation Bonds in an amount sufficient to purchase all of the Districts' GO debt. The Districts and the County assign their rights to a third-party trustee that receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds. The remaining GO debt of \$8,715,000 issued by the Districts and held by the County are intrafund balances, which have been eliminated during the consolidation process and are not reflected in the final debt balances of the Water Districts Fund.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

b. General Obligation Indebtedness (continued)

c. Water Bonds (continued)

The County's general obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

General obligation bonds serviced by the County's General Fund:

\$3,430,000 2010 School bonds - March 9, 2010: due in annual principal payments of \$170,000 to \$175,000 and semi-annual interest payments at 3.00% to 4.25%; payable April 1 and October 1	\$ 1,870,000
\$5,171,000 Refunding School bonds - June 2015; due in annual principal payments of \$85,000 to \$542,000 and semi-annual interest payments at 1.92%; payable August 1 and February 1	3,481,000
	<hr/> 5,351,000

General Obligation bonds serviced by Water and Sewer District #4:

\$3,615,000 Series 2013 General Obligation bonds; due in annual installments of \$51,000 to \$159,000 (beginning 2016); plus interest at 3.25% through June 2053	3,404,000
Total general obligation bonds	<hr/> <hr/> \$ 8,755,000

d. Limited Obligation Bonds

On May 1, 2013, the County Water Districts issued individual refunding bonds in the amount of \$19,255,000 for each of the Water Revenue bonds being refinanced. The County then issued Limited Obligation Bonds (LOBS) to purchase these bonds, as well as to refinance several Installment Purchase Contracts. The County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service payments are due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments between 2% and 5% over the life of the term. As of June 30, 2019, the balance of the Limited Obligation Bonds was \$13,550,000.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

d. Limited Obligation Bonds (continued)

The reader should note that this debt issuance is entirely offset by the Water District's Refund 2013 Bonds as detailed under the General Obligation Indebtedness section.

The County's limited obligation bonds payable at June 30, 2019 are comprised of the following:

Limited obligation bond payable:

\$19,255,000 Limited Obligation Series 2013: due in annual installments of \$220,000 to \$1,010,000 (beginning 2014); plus interest at 2% - 5% through June 2043

Serviced by the General Fund	\$ 4,878,000
Serviced by the Water and Sewer Fund	8,672,000
Total limited obligation bonds	\$ 13,550,000

Annual debt service requirements to maturity for the County's and the Water District's general obligation bonds are as follows:

General Obligation Bonds

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 691,000	\$ 136,960	\$ 56,000	\$ 110,630
2021	683,000	121,432	58,000	108,810
2022	675,000	105,632	60,000	106,925
2023	667,000	89,987	62,000	104,975
2024	658,000	74,494	64,000	102,960
2025-2029	1,807,000	165,271	352,000	482,267
2030-2034	170,000	7,225	414,000	421,103
2035-2039	-	-	485,000	349,375
2040-2044	-	-	570,000	265,233
2045-2049	-	-	668,000	166,465
2050-2054	-	-	615,000	50,635
Total	\$ 5,351,000	\$ 701,001	\$ 3,404,000	\$ 2,269,377

As June 30, 2019, Edgecombe County Water and Sewer District No. 4 had bonds authorized but unissued of \$885,000. The County also had a note payable of \$215,000 that is authorized but unissued.

The County's legal debt margin was \$216,429,398 at June 30, 2019.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

d. Limited Obligation Bonds (continued)

Annual debt service requirements to maturity for the County's and the Water District's limited obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 331,200	\$ 202,806	\$ 588,800	\$ 360,544
2021	340,200	189,558	604,800	336,992
2022	343,800	175,950	611,200	312,800
2023	347,400	162,198	617,600	288,352
2024	360,000	148,302	640,000	263,648
2025-2029	1,013,400	539,244	1,801,600	958,656
2030-2034	824,400	359,802	1,465,600	639,648
2035-2039	851,400	188,793	1,513,600	335,632
2040-2044	466,200	43,776	828,800	77,824
Total	\$ 4,878,000	\$ 2,010,429	\$ 8,672,000	\$ 3,574,096

e. Revenue Bonds

In December 2011, the County issued \$638,000 of Water & Sewer Revenue Bonds to finance sewer lines for Water and Sewer District No. 5. The interest on the bonds at 3% is payable annually on June 1. The revenue bonds, which mature through June 1, 2051, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bond is \$579,000.

On December 15, 2015, the County issued \$675,000 and \$105,000 of Water & Sewer Revenue Bonds (Series 2015A and 2015B) to finance water lines for Water and Sewer District No. 5. The interest on the bonds at 2% is payable annually on June 1. The revenue bonds, which mature through June 1, 2055, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bonds is \$651,000 and \$101,000, respectively.

On March 1, 2017, the County issued \$393,000 of Water & Sewer Revenue Bonds (Series 2017) to finance water lines for Water and Sewer District No. 5. The interest on the bonds at 2% is payable annually on June 1. The revenue bonds, which mature through June 1, 2056, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bonds is \$386,000.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

e. Revenue Bonds (continued)

The revenue bonds do not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or upon its income, receipts, or revenues. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

The County has pledged future water and sewer customer revenues of Water District No. 5, net of specified operating expenses, to repay \$638,000 in water and sewer system revenue bonds issued in December 2011, \$780,000 in water and sewer system revenue bonds issued in December 2015, and \$393,000 in water and sewer system revenue bonds issued in March 2017. Proceeds from the bonds provided financing for the water and sewer lines for Water and Sewer District No. 5. The bonds are payable solely from water and sewer customer net revenues of the District and are payable through 2055. Annual principal and interest payments on the bonds are expected to require less than 25% of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,521,570. Principal and interest paid for the current year and total customer net revenues were \$72,880 and \$284,290.

The County is not in compliance with bond covenants. The bond orders require the net revenue for each fiscal year be no less than 110% of the revenue bond debt service requirements and no less than 100% of the debt service requirements of any general obligation bonds and installment financing obligations of the District. The debt service coverage ratio for the year ended June 30, 2019 is as follows:

Water District No. 5

Revenues	\$	890,842
Operating expenses *		606,552
Net revenues	\$	284,290
Debt service, principal and interest paid (Revenue bonds only)	\$	72,880
Debt service coverage ratio		390%
Debt service, principal and interest paid (GO bonds and installment financing)	\$	339,453
Debt service coverage ratio		84%

* Per rate covenants, this does not include the depreciation expense of \$461,359.

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

e. Revenue Bonds (continued)

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 33,000	\$ 40,130
2021	33,000	39,360
2022	34,000	38,590
2023	35,000	37,790
2024	36,000	36,970
2025-2029	191,000	171,840
2030-2034	215,000	148,240
2035-2039	244,000	121,330
2040-2044	272,000	91,010
2045-2049	305,000	56,970
2050-2054	260,000	20,840
2055-2056	59,000	1,500
Total	\$ 1,717,000	\$ 804,570

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

f. Installment Purchases

As authorized by state law [G.S. 160A-20 and 153A-158.1], the County has financed various property acquisitions and improvements by installment purchase. The County's installment purchase agreements at June 30, 2019 are comprised of the following individual notes:

Serviced by the County's General Fund:

\$21,535,000 installment agreement - April 12, 2018 due in semi-annual principal and interest payments of various amounts through February 1, 2033; interest at 3.09% on initial advance of \$14,535,000 and 3.27% on additional advance of 7,000,000; payable August 1 and February 1	\$ 20,017,000
\$121,750 installment agreement; due in annual principal and interest payments of \$7,366 through September 2038; interest at 4.375%; payable September 14	99,848
\$6,980,250 installment agreement, 2015; due in annual principal and interest payments of \$441,000 to \$746,500 through 2027 plus interest at 4.82%	5,082,000
\$84,038 installment agreement; July 10, 2015; \$18,000 due at closing; due in annual principal and interest payments of \$17,745; interest at 2.95%; payable July 10	17,236
\$600,000 line of credit treated as an installment agreement; secured by police vehicles; May 25, 2018: due in annual principal payments of \$120,000 plus interest at 2.85%; payable December 1	464,693
\$1,686,125 seller financed installment agreement payable on June 13, 2022, no stated interest	1,686,125
Total installment purchases	\$ 27,366,902

Annual debt service requirements to maturity for the County's installment purchases are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 2,184,233	\$ 874,493
2021	2,194,377	795,810
2022	3,909,139	716,724
2023	2,238,600	636,231
2024	2,165,306	554,666
2025-2029	9,344,007	1,641,053
2030-2034	5,293,095	427,076
2035-2039	31,088	5,743
2040	7,057	309
Total	\$ 27,366,902	\$ 5,652,106

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

g. Notes Payable

The County's notes payable at June 30, 2019 are comprised of the following individual notes:

Serviced by the County's General Fund:

\$990,000 note payable - April 15, 2011; due in semi-annual principal payments of \$16,292.74 through March 1, 2013; no interest ; payable September 1 and March 1	\$ 130,342
\$385,000 note payable - April 15, 2011; due in semi-annual principal and interest payments of \$22,981.12 through March 1, 2021; interest at 3.5%; payable September 1 and March 1	85,955
Total governmental activities notes payable	216,297

Serviced by the County's Water Districts:

Water District No. 1 - \$429,151 DENR Drinking Water Revolving Loan to finance water system improvements; due in annual installments of \$17,174 through May 2035; no stated interest rate.	274,782
Water District No. 5 - \$1,100,000 DENR Water Quality Revolving Loan to finance sanitary sewer improvements; due in annual installment of \$48,736 through May 2036; no stated interest rate	828,502
Water District No 6 - \$144,432 DENR Drinking Water Revolving Loan to finance water system improvements; due in annual installments of \$7,197 through May 2031; no stated interest rate	86,363
Total water districts notes payable	1,189,647

Serviced by the County's Solid Waste Fund:

\$700,000 Edgecombe Martin Electric Membership Corporation; due in monthly principal payments of \$6,480; no interest; payable the 1st of each month through November 2022	188,080
Total business-type activities notes payable	1,377,727
Total notes payable	\$ 1,594,024

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

g. Notes Payable

Annual debt service requirements to maturity for the County's notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 75,915	\$ 2,633	\$ 150,866	\$ -
2021	75,212	1,103	150,867	-
2022	32,585	-	105,666	-
2023	32,585	-	73,106	-
2024	-	-	73,106	-
2025-2029	-	-	365,531	-
2030-2034	-	-	343,940	-
2035-2036	-	-	114,645	-
Total	\$ 216,297	\$ 3,736	\$ 1,377,727	\$ -

h. Debt Related to Capital Activities

Of the total governmental activities debt list, \$216,297 relates to assets to which the County does not hold title.

i. Long-Term Obligation Activity

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

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
General obligation debt	\$ 6,049,000	\$ -	\$ (698,000)	\$ 5,351,000	\$ 698,000
Notes payable, direct borrowings	290,735	-	(74,438)	216,297	74,438
Installment purchases, direct borrowings	22,138,417	7,395,349	(2,166,863)	27,366,903	1,701,485
Limited obligation debt	5,214,600	-	(336,600)	4,878,000	331,200
Premium on debt	213,305	-	(42,661)	170,644	-
Compensated absences	1,228,143	180,850	(189,763)	1,219,230	-
Net pension liability (LGRS)	3,705,978	11,034,257	(9,434,559)	5,305,676	-
Total pension liability (LEOSSA)	1,725,677	129,085	(227,660)	1,627,102	-
Total OPEB liability	8,267,090	452,770	(812,935)	7,906,924	-
Total governmental activities	\$ 48,832,945	\$ 19,192,311	\$ (13,983,479)	\$ 54,041,776	\$ 2,805,123

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

i. Long-Term Obligation Activity

Business-Type Activities: Water and Sewer Districts	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
General obligation debt	\$ 3,459,000	\$ -	\$ (55,000)	\$ 3,404,000	\$ 56,000
Notes payable, direct borrowings	1,279,927	-	(90,280)	1,189,647	73,106
Limited obligation debt	9,270,400	-	(598,400)	8,672,000	588,800
Revenue bonds	1,749,000	-	(32,000)	1,717,000	33,000
Premium on debt	622,982	-	(27,086)	595,896	-
Compensated absences	39,852	9,148	(6,349)	42,651	-
Net pension liability (LGERS)	95,492	281,728	(241,755)	135,465	-
Total OPEB liability	213,018	3,887	(20,222)	196,683	-
Total water and sewer districts	16,729,671	294,763	(1,071,092)	15,953,342	750,906
Solid Waste Fund					
Notes payable, direct borrowings	\$ 265,840	\$ -	\$ (77,760)	\$ 188,080	\$ 77,760
Accrued landfill closure and post-closure care costs	4,549,695	204,070	-	4,753,765	-
Compensated absences	23,901	515	(3,164)	21,252	-
Net pension liability (LGERS)	54,961	179,227	(148,009)	86,179	-
Total OPEB liability	122,605	178,667	(28,086)	273,186	-
Total solid waste fund	5,017,002	562,479	(257,019)	5,322,462	77,760
Total business-type activities	\$ 21,746,673	\$ 857,242	\$ (1,328,111)	\$ 21,275,804	\$ 828,666

Compensated absences for governmental activities typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

The following is a summary of changes in the Edgecombe County ABC Board's long-term obligations for the year ended June 30, 2019:

Edgecombe County ABC Board	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Net pension liability (LGERS)	\$ 46,290	\$ 32,946	\$ -	\$ 79,236	\$ -
Compensated absences	28,002	15,184	(17,184)	26,002	-
Total governmental activities	\$ 74,292	\$ 48,130	\$ (17,184)	\$ 105,238	\$ -

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (continued)

h. Conduit Debt Obligations

Edgecombe County Industrial Facility and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were one series of industrial revenue bonds outstanding. The Company for whom they were issued is in bankruptcy, and the unpaid balance is at June 30, 2019 could not be determined.

C. Interfund Balances and Activity

Transfers to/from other funds during the year ended June 30, 2019, consist of the following:

Transfer Out	Transfer In	Amount
General Fund	Health Department Fund	\$ 1,516,653
General Fund	Department of Social Services Fund	4,713,589
General Fund	Industrial Park Fund	1,012,144
General Fund	Solid Waste Services Fund	331,360
Water and Sewer Capital Project Fund	Water and Sewer Operations Fund	1,296,284
Total interfund transfers		\$ 8,870,030

Amounts due to/from other funds at June 30, 2019 consist of the following:

Due To / Receivable Fund	Due From / Payable Fund	Balance
General Fund	Water and Sewer Capital Project Fund	\$ 1,612,410
General Fund	Community Development Block Grant	316,520
General Fund	Industrial Sites Development Fund	183,845
Total due to/from other funds		\$ 17,645,402

Edgecombe County, North Carolina
Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

C. Interfund Balances and Activity

Administrative reimbursements represent payments to the General fund for services provided or expenses paid for the Department of Social Services. Administrative Reimbursements to/from other funds during the year ended June 30, 2019, consist of the following:

Paid To	Paid From	Amount
General Fund - DSS	Department of Social Services Fund	\$ 231,791
Total Administrative Reimbursements		\$ 231,791

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County pools monies from several funds to better facilitate cash receipts and disbursements. These balances are the residual amounts owed at June 30, 2019.

D. Fund Balance

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

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 21,304,148
Less:	
Non-spendable prepaid	1,290,043
Stabilization by state statute	9,084,127
Tax revaluation and mapping	483,068
Schools	107,388
Appropriated Fund Balance in 2019 Budget	4,863,690
Remaining fund balance	\$ 5,475,832

Edgecombe County had adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that unassigned fund balance is at least equal to or greater than 15% of General Fund expenditures, with a target of 20% of General Fund expenditures.

Funds accumulated over 20% of expenditures will be allocated to a capital reserve fund.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

D. Fund Balance (Continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<i>June 30,</i>	2019
Encumbrances:	
General fund	\$ 1,514
Non-major funds	-
Total encumbrances	\$ 1,514

E. Joint Ventures

The County, in conjunction with the Town of Tarboro, participates in the Tarboro-Edgecombe Airport Authority. Each participating government appoints three members to the six-member Board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$5,875 for operations and \$8,300 for capital outlay to the Airport during the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at the Town of Tarboro, PO Box 220, Tarboro, North Carolina 27886.

The County, in conjunction with the City of Rocky Mount, City of Wilson, Wilson County, and Nash County, participates in a joint venture to operate the Rocky Mount/Wilson Airport Authority (Authority). Each participating government appoints members to the seven-member Board of Commissioners of the Authority. The County appoints one of the seven Board members. The Airport is a joint venture established to facilitate economic expansion within the Counties and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the other governments are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$47,857 for operations and \$62,171 for capital outlay to the Airport during the fiscal year ended June 30, 2019.

The participants in the joint venture have an equity interest in the Authority's real property; therefore, an equity interest of \$2,100,927 has been reported in the governmental activities in the County's basic financial statements at June 30, 2019. The investment in the joint venture is based upon the audited financial statements of the Airport Authority as of June 30, 2019. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7265 Air Terminal Drive, Elm City, North Carolina 27822-9477.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

E. Joint Ventures (Continued)

The County also participates in a joint venture to operate the Edgecombe Memorial Library and Braswell Memorial Library along with local municipalities. The County Board of Commissioners appoints three board members to the six-member Boards of the Libraries. The County has an ongoing financial responsibility for the joint venture because the Libraries' continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Libraries, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$358,850 to the Edgecombe Memorial Library and \$181,495 for operations to the Braswell Memorial Library to supplement its activities. Complete financial statements for the Libraries can be obtained from the Library's offices at 909 Main Street Tarboro, North Carolina 27886 and 727 N. Grace Street, Rocky Mount, North Carolina, respectively.

The County participates in a joint venture with the Town of Tarboro to operate the Edgecombe County Cultural Arts Council, Inc. The County appoints thirteen of the nineteen Board members to the Board of the Arts Council. Neither participating government has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2019. No contributions were made to the Arts Council during the year ended June 30, 2019. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

F. Joint Governed Organizations

The County, in conjunction with Nash County, the Town of Tarboro, the City of Rocky Mount and other local governments and non-profit organizations, established the Carolinas Gateway Partnership, Inc. to promote economic development in Nash and Edgecombe Counties. The partnership's by-laws state that private sector funds are matched on an equal basis by public partners. For the fiscal year ended June 30, 2019, the County contributed \$165,000 to support the partnership.

The County participates with the City of Rocky Mount and Nash County to operate the Down East Home Consortium (DEHC). The agreement commenced on June 30, 1996, and covered three consecutive fiscal years. After the initial period, the members of the DEHC chose to continue as a consortium and must notify HUD when it has dissolved. The participating governments mutually agree that Rocky Mount shall act as the lead entity. Each of the entities appoints one member of the three-member DEHC Home Coordinating committee. Each participating government shall receive a percentage of the home funds based on a proration of the population. Each participating government shall be responsible for providing matching funds required by federal regulations for any home funds allocated and accepted for use by that government. For the fiscal year ended June 30, 2019, the County made no contributions to DEHC.

Edgecombe County, North Carolina

Notes to Financial Statements

Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

F. Joint Governed Organizations (Continued)

Effective July 1, 2012, the Beacon Center, Eastpointe Human Services and Southeastern Regional Mental Health, Development Disabilities and Substance Abuse Services and the Counties of Bladen, Columbus, Edgecombe, Edgecombe, Greene, Lenoir, Hash, Robeson, Sampson, Scotland, Wayne and Wilson merged Beacon and Southeastern Regional into Eastpointe (New Catchment Area). This merger took place in order to operate as an LME/MCO under North Carolina's 1915(b)(c) Medicaid Waiver program as a single prepaid inpatient health plan for mental health, developmental disabilities and substance abuse services beginning no later than January 1, 2013, and to continue to manage the provision of high quality, cost-effective behavioral health services to consumers who are citizens of the above mentioned counties. Following the merger, Eastpointe, as the surviving LME/MCO entity is governed by an Area Board. The Area Board consists of up to 27 members, with the ability to increase its membership as needed.

The number of directors on the Area Board, their qualifications and the Area Board's organization is consistent with the provisions of NC. General Statute 122C-118.1, as it may be hereinafter amended, or of any successor statute governing organization and membership of the governing board of an LME. The three counties in the New Catchment Areas with the largest population each have three representatives on the Area Board. Each other county in the New Catchment Area have two representatives on the Area Board. The identification of the counties, which have such population for this purpose shall be re-examined every 3 years based on any changes in population. The population numbers used will be those published by the N.C. Department of Health and Human Services.

As of July 1, 2012 Edgecombe County has two representatives on the Board. Each participant in the joint venture will make an annual appropriation with the majority of funding coming from other sources. None of the participating governments have an equity interest in Eastpointe, so no equity interest has been reflected in the financial statements. Further information regarding the LME/MCO can be obtained from Eastpointe's corporate office at 514 East Main Street, P.O. Box 369, Beulaville, NC 28518.

G. Benefit Payments Issued by the State

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

Edgecombe County, North Carolina
Notes to Financial Statements

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

G. Benefit Payments Issued by the State (Continued)

Program	Federal	State
Medicaid	\$ 79,655,281	\$ 42,648,342
State Children's Insurance Program	1,020,016	-
Food stamps	21,083,612	-
Women, infants, and children	1,126,215	-
IV-E Adoption Subsidy and Vendor	343,194	83,707
Energy Assistance Payments	487,101	-
IV-E Foster Care	126,348	38,304
IV-E Foster Care In Excess	73,013	19,029
Temporary assistance to needy families	505,509	-
CWS Adopt Subsidy and Vendor	-	226,607
State / County special assistance for adults	-	479,218
SFHF Maximization	-	19,630
State Foster Home	-	30,520
Totals	\$ 104,420,289	\$ 43,545,357

H. Summary Disclosure of Significant Commitments and Contingencies

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

I. Special Item - Hurricane Matthew

On October 8, 2016, Hurricane Matthew caused record flooding in many Towns and Counties in Eastern North Carolina, including Edgecombe County and the Towns of Tarboro and Princeville. The President has declared many North Carolina counties to be eligible for federal disaster relief from the Federal Emergency Management Agency (FEMA). The County Courthouse was flooded resulting in the temporary closing of County offices. The Town of Princeville water district was severely flooded.

For the fiscal year ended June 30, 2019, the County has incurred approximately \$700,975 for repairs to property related to Hurricane Matthew, including \$466,266 for repairs to the County Courthouse. The County received reimbursements of \$30,011 from FEMA for repairs in the fiscal year ended June 30, 2019. The County also received \$40,269 from its insurance carrier for damages related to Hurricane Matthew. The estimated decrease in real property values within the county resulting from flooding is \$10 million. So far, 271 residents have applied for the federal buyout of their homes, 178 of which live in the Town of Princeville. If these homes are abandoned as a result of the buyout program, the tax value of the homes will be adjusted to zero.

As of the date of these financial statements, the actual total amount of damage, estimated cost of repairs, and any potential reimbursement from FEMA or the County's insurance companies cannot be estimated at this time. The County is covered by flood insurance through the North Carolina Association of County Commissioners as explained in Note 3.B.5 above.

Edgecombe County, North Carolina

Notes to Financial Statements

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

J. Tax Abatements

The County negotiates tax abatements agreements on an individual basis. The County has tax abatement agreements with four entities as of June 30, 2019:

- A property tax abatement of 60% of collections with a local industrial incubator facility. The agreement is not to exceed an amount of \$75,000 through 2019. The County paid \$14,512 during the fiscal year ended June 30, 2019.
- A property tax abatement of 50% of increased property tax collections received by the County from 2011 to 2016 from a local energy provider. The agreement provided for an investment in the County of \$10,000,000 and an increase in ad valorem tax value of \$3,190,201. The County paid \$166,456 in the year ended June 30, 2019.
- A property tax abatement ranging from 90% to 75% of increased ad-valorem taxes received by the County for years 2021 to 2043 from Triangle Tyre USA. The agreement provides for an investment in the County of \$174,149,200 in building and \$405,702,800 in equipment by Triangle Tyre USA within 5 years. The County will also provide 400 acres of land and infrastructure to the new industrial site. If Triangle Tyre USA does not perform its obligation under the agreement, the company will reimburse the County \$20,000 per acre for the land donated by the County or give the land and any improvements back to the County.
- A property tax abatement of 40% of increased ad-valorem taxes received by the County for years 2020 to 2029 from Corning Incorporated. Corning agrees to invest \$86,000,000 in the County and create 111 new jobs with 5 years. The County will donate 150 acres of land for this industrial site. If Corning Incorporated does not perform its obligation under the agreement, the company will reimburse the County \$15,000 per acre for the land donated by the County or give the land and any improvements back to the County.

K. Accounting Pronouncements

In fiscal year 2019, the County adopted new statement of financial accounting standards issued by the GASB:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83")
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings And Direct Placements* ("GASB 88")

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. GASB 83 had no impact on the County's financial statements.

Edgecombe County, North Carolina
Notes to Financial Statements

NOTE 3 – DETAIL NOTES ON ALL FUNDS (continued)

K. Accounting Pronouncements (Continued)

GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of GASB 88 are effective for reporting periods beginning after June 15, 2018. The impact of GASB 88 on the County's financial statements is shown in Note 8.

M. New Governmental Accounting Standards

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the County upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Effective Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	<i>Fiduciary Activities</i>	2021
87	<i>Leases</i>	2022
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2022
90	<i>Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61</i>	2021
91	<i>Conduit Debt Obligations</i>	2023

N. Prior Period Adjustment

The County has recorded prior period adjustments to record capital assets placed in service for water district 5 and to adjust water district fund balances. The net affects of these adjustments on fund balances totaled \$298,095 and (\$21,461).

M. Subsequent Events

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the County. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. There were no material effects on the combined financial statements through December 2, 2020, the date on which the statements were available for release.

Edgecombe County, North Carolina
Notes to Financial Statements

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

M. Subsequent Events (Continued)

Additionally, broad domestic and international stock market indices have declined and the County's fair value of marketable securities has declined similarly. Such declines in the fair value of marketable securities held by the County may materially and adversely impact the County's ability to achieve its investment objectives. The extent to which these events will affect the amounts reported in future financial statements remains uncertain as of the date of our auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles.

Law Enforcement Officers' Special Separation Allowance:

- **Schedule of Changes in Total Pension Liability**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll**

Other Postemployment Benefits:

- **Schedule of Changes in Total OPEB Liability and Related Ratios**

Local Government Employees' Retirement System:

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

Register of Deeds: Supplemental Pension Fund

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

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Edgecombe County, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Exhibit A-1

	2019	2018
Beginning balance	\$ 1,725,677	\$ 1,638,464
Service Cost	76,318	67,213
Interest on the total pension liability	52,767	60,987
Change of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(52,745)	(28,801)
Changes of assumption or other inputs	(63,239)	104,813
Benefit payments	(111,676)	(116,999)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 1,627,102</u>	<u>\$ 1,725,677</u>
	2019	2018
Total pension liability	\$ 1,627,102	\$ 1,725,677
County's covered payroll	\$ 2,305,871	\$ 2,393,115
Total pension liability as a percentage of covered payroll	70.56%	72.11%

Notes to the Schedules:

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

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Edgecombe County, North Carolina
Other Post-employment Benefit
Schedule of Changes in Total OPEB Liability and Related Ratios
Required Supplementary Information
Exhibit A-2

	2019	2018
Total OPEB Liability		
Service cost	\$ 337,858	\$ 368,506
Interest	297,467	260,129
Changes of benefit terms	-	-
Differences between expected and actual experience	(99,801)	123,159
Changes of assumptions	(263,221)	(450,724)
Benefit payments	(498,222)	(676,037)
Net change in total OPEB liability	(225,919)	(374,967)
Total OPEB liability - beginning	8,602,712	8,977,679
Total OPEB liability - ending	<u>\$ 8,376,793</u>	<u>\$ 8,602,712</u>
Covered employee payroll	\$ 14,557,442	\$ 14,557,442
County's total OPEB liability as a percentage of covered payroll	57.54%	59.09%

Notes to the Schedules:

Edgecombe County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 74 to pay related benefits.

Benefit changes. There were no changes of benefit terms for the year ended June 30, 2019.

Changes of Assumptions. The discount rate as of **June 30, 2018** was 3.56% and it increased to 3.89% as of June 30, 2019.

The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Edgecombe County, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Last Six Fiscal Years*
Exhibit A-3

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.23299%	0.25243%	0.25331%	0.24084%	0.25936%	0.26860%
County's proportionate share of the net pension liability (asset) \$	\$ 5,527,320	\$ 3,856,431	\$ 5,376,087	\$ 1,080,875	\$ (1,529,566)	\$ 3,237,661
County's covered payroll	\$ 15,679,786	\$ 15,764,477	\$ 15,473,849	\$ 14,807,316	\$ 16,495,575	\$ 14,663,525
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.25%	24.46%	34.74%	7.30%	-9.27%	22.08%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

*The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Edgecombe County, North Carolina
Local Government Employees' Retirement System
Required Supplementary Information
Schedule of County Contributions
Last Six Fiscal Years*
Exhibit A-4

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,210,708	\$ 1,204,941	\$ 1,160,401	\$ 1,042,467	\$ 1,043,277	\$ 1,075,651
Contributions in relation to the contractually required contribution	1,210,708	1,204,941	1,160,401	1,042,467	1,043,277	1,075,651
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 15,679,786	\$ 15,764,477	\$ 15,473,849	\$ 14,807,316	\$ 16,495,575	\$ 14,663,525
Contributions as a percentage of covered payroll	7.721%	7.643%	7.499%	7.040%	6.325%	7.336%

*The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Edgecombe County, North Carolina
Registers of Deeds' Supplemental Pension Fund
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Last Six Fiscal Years*
Exhibit A-5

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.36396%	0.31862%	0.34244%	0.35536%	0.34833%	0.33421%
County's proportionate share of the net pension liability (asset) \$	\$ (60,281)	\$ (54,385)	\$ (64,023)	\$ (82,351)	\$ (78,961)	\$ (71,387)
County's covered payroll	\$ 62,954	\$ 61,186	\$ 61,186	\$ 59,614	\$ 59,614	\$ 158,457
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-95.75%	-88.88%	-104.64%	-138.14%	-132.45%	-45.05%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

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

*The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Edgecombe County, North Carolina
Registers of Deeds' Supplemental Pension Fund
Required Supplementary Information
Schedule of County Contributions
Last Six Fiscal Years*
Exhibit A-6

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,644	\$ 3,115	\$ 3,304	\$ 2,798	\$ 2,844	\$ 2,844
Contributions in relation to the contractually required contribution	\$ 3,644	\$ 3,115	\$ 3,304	2,798	2,844	2,844
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 62,954	\$ 61,186	\$ 61,186	\$ 59,614	\$ 158,457	\$ 156,533
Contributions as a percentage of covered payroll	5.788%	5.091%	5.400%	4.694%	1.795%	1.817%

*The above schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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Edgecombe County, North Carolina
General Fund
Combining Balance Sheet
June 30, 2019
Exhibit B-1

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Health Insurance Fund	Revaluation Fund	Total
Assets							
Cash and cash equivalents	\$ 11,406,371	\$ (1,151,708)	3,523,050	\$ -	\$ 100,021	\$ -	\$ 13,877,734
Restricted cash and cash equivalents	97,470	-	-	107,388	-	483,068	687,926
Taxes receivable, net	4,244,320	-	-	-	-	-	4,244,320
Receivables, net	123,061	17,777	6,080	-	340,136	-	487,054
Due from other funds	2,320,882	-	-	-	-	-	2,320,882
Due from other governments	5,024,157	55,935	1,090,000	139,729	-	-	6,309,821
Due form component unit	94,779	-	-	-	-	-	94,779
Prepaid expenses	1,290,043	-	-	-	-	-	1,290,043
Total assets	\$ 24,601,083	\$ (1,077,996)	\$ 4,619,130	\$ 247,117	\$ 440,157	\$ 483,068	\$ 29,312,559
Liabilities							
Accounts payable and accrued liabilities	\$ 2,275,740	\$ 150,098	443,793	\$ -	\$ 623,452	\$ -	\$ 3,493,083
Due to component unit	22,835	-	-	-	-	-	22,835
Total liabilities	2,298,575	150,098	443,793	-	623,452	-	3,515,918
Deferred Inflows of Resources	4,475,599	16,894	-	-	-	-	4,492,493
Fund Balances							
Nonspendable - prepaid expenses	1,290,043	-	-	-	-	-	1,290,043
Restricted							
Restricted by state statute	7,450,600	57,582	1,096,080	139,729	340,136	-	9,084,127
Restricted for schools	-	-	-	107,388	-	-	107,388
Committed							
Committed for tax revaluation and mapping	-	-	-	-	-	483,068	483,068
Assigned for subsequent year's expenditures	4,863,690	-	-	-	-	-	4,863,690
Unassigned	4,222,576	(1,302,570)	3,079,257	-	(523,431)	-	5,475,832
Total fund balances	17,826,909	(1,244,988)	4,175,337	247,117	(183,295)	483,068	21,304,148
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,601,083	\$ (1,077,996)	\$ 4,619,130	\$ 247,117	\$ 440,157	\$ 483,068	\$ 29,312,559

Edgecombe County, North Carolina
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019
Exhibit B-2

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Employee Health Insurance Fund	Revaluation Fund	Total
Revenues							
Ad valorem taxes	\$ 30,895,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,895,217
Local option sales taxes	6,286,264	-	-	788,543	-	-	7,074,807
Other taxes and licenses	123,536	-	-	-	-	-	123,536
Unrestricted intergovernmental	468,337	-	-	-	-	-	468,337
Restricted intergovernmental	6,386,836	3,766,079	8,173,003	-	-	-	18,325,918
Permits and fees	1,330,567	45,822	-	-	-	-	1,376,389
Sales and services	1,322,927	352,283	9,204	-	-	-	1,684,414
Investment earnings	107,763	-	-	-	-	-	107,763
Miscellaneous	531,788	60,614	-	-	-	-	592,402
Total revenues	47,453,235	4,224,798	8,182,207	788,543	-	-	60,648,783
Expenditures							
General government	6,182,712	-	-	-	(161,407)	-	6,021,305
Public safety	13,695,324	-	-	-	-	-	13,695,324
Transportation	124,203	-	-	-	-	-	124,203
Economic and physical development	4,606,827	-	-	-	-	-	4,606,827
Human services	421,610	5,292,130	11,899,449	-	-	-	17,613,189
Cultural and recreational	599,723	-	-	-	-	-	599,723
Environmental protection	1,665,524	-	-	-	-	-	1,665,524
Education	11,552,006	-	-	-	-	-	11,552,006
Debt Service							
Principal retirement	2,577,901	-	-	698,000	-	-	3,275,901
Interest and fees	949,131	-	-	152,198	-	-	1,101,329
Total expenditures	42,374,961	5,292,130	11,899,449	850,198	(161,407)	-	60,255,331
Excess (deficiency) of revenues over expenditures	5,078,274	(1,067,332)	(3,717,242)	(61,655)	161,407	-	393,452

Edgecombe County, North Carolina
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019
Exhibit B-2

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Employee Health Insurance Fund	Revaluation Fund	Total
Other financing sources (uses)							
Transfers from other funds	\$ -	\$ 1,516,653	\$ 4,713,589	\$ -	\$ -	\$ -	\$ 6,230,242
Transfers to other funds	(7,573,746)	-	-	-	-	-	(7,573,746)
Proceeds of long-term debt	395,349	-	-	-	-	-	395,349
Proceeds from sale of capital assets	15,002	-	-	-	-	-	15,002
Total other financing sources (uses)	(7,163,395)	1,516,653	4,713,589	-	-	-	(933,153)
Net change in fund balance	(2,085,121)	449,321	996,347	(61,655)	161,407	-	(539,701)
Fund balances, beginning of year, as previously reported	19,912,030	(1,694,309)	3,178,990	308,772	(344,702)	483,068	21,843,849
Prior period adjustment	-	-	-	-	-	-	-
Fund balance, beginning of year	19,912,030	(1,694,309)	3,178,990	308,772	(344,702)	483,068	21,843,849
Fund balances, end of year	\$ 17,826,909	\$ (1,244,988)	\$ 4,175,337	\$ 247,117	\$ (183,295)	\$ 483,068	\$ 21,304,148

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes:			
Taxes	\$ 26,561,000	\$ 30,305,206	\$ 3,744,206
Penalties and interest	325,000	590,011	265,011
Total	30,086,000	30,895,217	809,217
Local Option Sales Taxes:			
Article 39	950,000	1,579,656	629,656
Article 40 one-half of one percent	2,300,000	2,635,403	335,403
Article 42 one-half of one percent	500,000	664,294	164,294
Article 44	950,000	1,119,184	169,184
Article 46 one-quarter of one percent	800,000	1,076,270	276,270
Total	5,500,000	7,074,807	1,574,807
Other Taxes and Licenses:			
Animal tax	10,000	8,144	(1,856)
Privilege licenses	500	2,615	2,115
Gross receipts tax	5,000	7,408	2,408
Occupancy tax	102,000	105,369	3,369
Total	117,500	123,536	6,036
Unrestricted Intergovernmental:			
Video programing distribution	45,000	35,816	(9,184)
NC Department of Motor Vehicles	100,000	127,941	27,941
ABC profit distribution	100,000	210,779	110,779
Beer and wine tax	95,000	93,801	(1,199)
Total	340,000	468,337	128,337
Restricted Intergovernmental:			
General Fund	29,754,530	5,343,098	(24,411,432)
FEMA reimbursement	-	1,000,911	1,000,911
Medicaid	225,000	42,827	(182,173)
Health Department	4,635,433	3,766,079	(869,354)
Department of Social Services	9,450,117	8,173,003	(1,277,114)
Total	44,065,080	18,325,918	(25,739,162)

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Permits and Fees:			
Building and zoning permits	80,000	643,363	563,363
Election fees	11,000	-	(11,000)
Animal control fees	4,000	3,440	(560)
Health department fees	42,452	45,822	3,370
Legal fee reimbursement	18,000	28,084	10,084
Sheriff, Jail, and other law enforcement fees	226,870	246,248	19,378
Register of deeds fees	294,500	409,432	114,932
Total	676,822	1,376,389	699,567
Sales and Services:			
Health department fees	455,998	352,283	(103,715)
Social services fees	10,100	9,204	(896)
Law enforcement services	125,000	-	(125,000)
Notary fees	35,000	56,300	21,300
Inmate housing fees	1,100,000	1,000,503	(99,497)
Jail canteen and concession sales	220,000	44,346	(175,654)
Rental income	260,100	214,748	(45,352)
Other fees and services	3,000	7,030	4,030
Total	2,209,198	1,684,414	(524,784)
Investment Earnings	31,500	107,763	76,263
Miscellaneous:			
Donations	99,071	96,585	(2,486)
Miscellaneous revenues	94,000	455,548	361,548
Insurance claims	27,388	40,269	12,881
Total	220,459	592,402	371,943
Total revenues	83,246,559	60,648,783	(22,597,776)

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government:			
Governing Body:			
Salaries and employee benefits		102,885	
Other operating expenditures		115,519	
Total	230,416	218,404	12,012
County Administration:			
Salaries and employee benefits		467,319	
Other operating expenditures		129,738	
Total	571,306	597,057	(25,751)
Finance:			
Salaries and employee benefits		405,754	
Other operating expenditures		319,307	
Total	714,800	725,061	(10,261)
Tax Assessor:			
Salaries and employee benefits		323,858	
Other operating expenditures		172,830	
Total	555,900	496,688	59,212
Tax Collector:			
Salaries and employee benefits		226,902	
Other operating expenditures		226,535	
Total	504,525	453,437	51,088
Department of Motor Vehicles:			
Salaries and employee benefits		146,659	
Other operating expenditures		5,661	
Total	163,106	152,320	10,786
Legal:			
Purchases	64,000	25,667	38,333

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Elections:			
Salaries and employee benefits		185,194	
Other operating expenditures		104,973	
Total	498,665	290,167	208,498
Register of Deeds:			
Salaries and employee benefits		263,473	
Other operating expenditures		186,154	
Total	475,650	449,627	26,023
Central Services:			
Retiree Insurance and employee benefits		114,214	
Other operating expenditures		178,429	
Health insurance claims		(161,407)	
Total	659,000	131,236	527,764
Data Processing:			
Salaries and employee benefits		259,792	
Other operating expenditures		143,297	
Capital outlay		66,355	
Total	499,625	469,444	30,181
Personnel:			
Salaries and employee benefits		86,845	
Other operating expenditures		12,276	
Total	199,210	99,121	100,089
Public Buildings:			
Salaries and employee benefits		444,323	
Other operating expenditures		902,220	
Capital outlay		566,533	
Total	2,372,740	1,913,076	459,664
Total general government	8,352,878	6,021,305	2,269,683

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Public Safety:			
Sheriff:			
Salaries and employee benefits		3,868,636	
Other operating expenditures		1,039,257	
Drug enforcement		22,736	
Capital outlay		632,220	
Total	5,983,650	5,562,849	420,801
Communications:			
Salaries and employee benefits		560,653	
Other operating expenditures		262,926	
Total	846,309	823,579	22,730
Enhanced E911			
Other operating expenditures	1,500	1,089	411
Court Facilities:			
Juvenile detention		18,178	
Other operating expenditures		20,247	
Capital outlay		122,586	
Total	1,043,145	161,011	882,134
Jail:			
Salaries and employee benefits		2,430,905	
Other operating expenditures		1,010,110	
Capital outlay		198,360	
Total	4,135,719	3,639,375	496,344
Domestic Violence Grants			
Other operating expenditures		29,597	
Total	39,579	29,597	9,982
Gang Violence Prevention Grant			
Salaries and employee benefits		69,972	
Other operating expenditures		15,397	
Total	83,262	85,369	(2,107)

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Emergency Management:			
Salaries and employee benefits		221,994	
Other operating expenditures		71,458	
Capital outlay		49,688	
Total	417,950	343,140	74,810
Hurricane Matthew			
Other operating expenditures		7,331	
Total	7,331	7,331	-
Hurricane Florence			
Salaries and employee benefits	64,700	63,761	939
Fire Protection:			
Forest fire contracts		76,415	
Workers' compensation - Volunteer Fire Department		16,149	
Total	111,404	92,564	18,840
Hazard Mitigation Grant Program :			
Other operating expenditures	4,363,625	1,008,290	3,355,335
Building Inspections:			
Salaries and employee benefits		116,739	
Other operating expenditures		21,370	
Total	150,210	138,109	12,101
Medical Examiner:			
Contracted services	77,150	72,150	5,000
Rescue Squads - Emergency Medical Services:			
Medicaid revenues - Ambulance	150,000	12,556	137,444
Edgecombe County Rescue Squad - Operations	1,500,000	1,500,000	-
Total	1,650,000	1,512,556	137,444
Animal Control:			
Salaries and employee benefits		138,055	
Other operating expenditures		16,499	
Total	174,132	154,554	19,578
Total public safety	13,654,724	13,695,324	407,650

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Transportation:			
Tarboro Edgecombe Airport	14,175	14,175	-
Rocky Mount Wilson Airport	164,601	110,028	54,573
Total transportation	178,776	124,203	54,573
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		147,531	
Other operating expenditures		36,833	
Total	212,949	184,364	28,585
Economic Development :			
Industrial incentives	203,000	180,968	22,032
Carolina Gateway Partnership	165,000	165,000	-
Tourism Development Authority	117,000	105,369	11,631
Rocky Mount Edgecombe Community Development Corp.	22,530	22,530	-
Gold Leaf Major Site Development Initiative	7,000,000	3,126,058	
Kingsboro Training Center	9,761,804	110,677	9,651,127
Total	17,269,334	3,710,602	9,684,790
N.C. Cooperative Extension Service:			
Contracted services		279,105	
Other operating expenditures		66,988	
Total	358,095	346,093	12,002
East Carolina Meat Animal Sale:			
Sponsorship	500	500	-
Soil and Water Conservation:			
Salaries and employee benefits		101,273	
Other operating expenditures		213,531	
Total	810,359	314,804	495,555
Princeville Grant Project			
Other operating expenditures		50,464	
Total	2,267,000	50,464	2,216,536
Total economic and physical development	20,918,237	4,606,827	12,437,468

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Human Services:			
General Fund Human Services:			
Mental Health:			
ABC bottle tax		18,974	
Total	68,500	18,974	49,526
Aging:			
Salaries and employee benefits		54,130	
Other operating expenditures		2,582	
Total	64,125	56,712	7,413
Veteran's Service Officer:			
Salaries and employee benefits		45,303	
Other operating expenditures		2,472	
Total	57,021	47,775	9,246
Juvenile Crime Prevention Council - Youth Services:			
Salaries and employee benefits		13,127	
Other operating expenditures		234,355	
Total	242,682	247,482	(4,800)
Other Human Services:			
Miscellaneous Human Services		50,667	
Total	50,914	50,667	247
Total General Fund Human Services	483,242	421,610	61,632
Health Department:			
Health:			
Salaries and employee benefits		121,920	
Other operating expenditures		41,623	
Capital outlay		10,000	
Total	166,686	173,543	(6,857)
School Nurse Initiative Program:			
Salaries and employee benefits		268,522	
Other operating expenditures		1,345	
Total	292,312	269,867	22,445

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Special Programs:			
Salaries and employee benefits		290,634	
Other operating expenditures		54,095	
Total	345,574	344,729	845
Tuberculosis:			
Salaries and employee benefits		62,992	
Other operating expenditures		13,817	
Total	82,344	76,809	5,535
Communicable Disease:			
Salaries and employee benefits		295,046	
Other operating expenditures		63,965	
Total	348,648	359,011	(10,363)
AIDS:			
Salaries and employee benefits		10,415	
Total	10,415	10,415	-
Maternal and Child Health Grant:			
Other operating expenditures		10,757	
Total	10,757	10,757	-
Syring Exchange			
Other operating expenditures		2,374	
Total	3,500	2,374	1,126
Primary Care:			
Salaries and employee benefits		39,739	
Other operating expenditures		12,305	
Total	86,625	52,044	34,581
School Health:			
Salaries and employee benefits		168,398	
Other operating expenditures		6,102	
Total	206,528	174,500	32,028

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Adult Health:			
Salaries and employee benefits		196,362	
Other operating expenditures		85,524	
Total	272,828	281,886	(9,058)
Comprehensive Breast and Cervical Cancer Prevention:			
Salaries and employee benefits		32,095	
Other operating expenditures		12,222	
Total	45,455	44,317	1,138
Healthy Start Initiative:			
Salaries and employee benefits		91,384	
Other operating expenditures		12,199	
Total	106,336	103,583	2,753
Health Works:			
Salaries and employee benefits		51,234	
Other operating expenditures		19,422	
Total	74,616	70,656	3,960
Maternal Care Coordination:			
Salaries and employee benefits		198,679	
Other operating expenditures		14,860	
Total	229,943	213,539	16,404
Maternal:			
Salaries and employee benefits		228,526	
Other operating expenditures		36,836	
Total	298,759	265,362	33,397
Family Planning:			
Salaries and employee benefits		403,905	
Other operating expenditures		91,511	
Total	817,361	495,416	321,945

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Child Health:			
Salaries and employee benefits		144,060	
Other operating expenditures		39,755	
Total	275,712	183,815	91,897
Immunization Action Plan:			
Salaries and employee benefits		57,018	
Other operating expenditures		30,770	
Total	138,782	87,788	50,994
Women Infants and Children:			
Salaries and employee benefits		275,014	
Other operating expenditures		63,514	
Total	376,827	338,528	38,299
Child Service Coordination:			
Salaries and employee benefits		207,214	
Other operating expenditures		11,469	
Total	219,063	218,683	380
Dental:			
Salaries and employee benefits		486,233	
Other operating expenditures		113,177	
Total	1,133,587	599,410	534,177
Diabetes:			
Salaries and employee benefits		34,896	
Other operating expenditures		4,046	
Total	40,516	38,942	1,574
University Health System Grant:			
Salaries and employee benefits		33,298	
Other operating expenditures		2,879	
Total	36,421	36,177	244
Environmental Health:			
Salaries and employee benefits		334,459	
Other operating expenditures		87,859	
Total	426,301	422,318	3,983

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Family Planning TANF			
Salaries and employee benefits		5,420	
Other operating expenditures		15,768	
Total	21,188	21,188	-
Farm Bureau - Healthy Living			
Other operating expenditures		359	
Total	688	359	329
HIV / STD Prevention Risk Reduction:			
Salaries and employee benefits		56,833	
Other operating expenditures		48,241	
Total	105,000	105,074	(74)
BT Preparedness:			
Salaries and employee benefits		24,328	
Other operating expenditures		8,850	
Total	34,290	33,178	1,112
Other Grants:			
Other operating expenditures		2,347	
Total	4,622	2,347	2,275
866 Health Communities			
Salaries and employee benefits		28,747	
Other operating expenditures		9,261	
Total	39,946	38,008	1,938
Project Reach			
Salaries and employee benefits		98,706	
Other operating expenditures		74,218	
Total	325,000	172,924	152,076
CHANGE Project Grant			
Salaries and employee benefits		3,359	
Other operating expenditures		41,224	
Total	67,137	44,583	22,554
Total Health Department	6,643,767	5,292,130	1,351,637

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Department of Social Services:			
Social Services Administration:			
Salaries and employee benefits		7,497,765	
Other operating expenditures		1,007,319	
Lease payments		54,675	
Total	9,971,979	8,559,759	1,412,220
Social Services Block Grant:			
NC Department of Transportation ROAP Grant		158,897	
Other operating expenditures		437,243	
Total	746,177	596,140	150,037
Home Community Care Block Grant:			
Operating expenditures		654,099	
Total	697,337	654,099	43,238
Work First/TANF:			
Operating expenditures		34,463	
Total	69,700	34,463	35,237
Public Assistance Programs			
Assistance payments		2,054,988	
Total	2,739,013	2,054,988	684,025
Total Department of Social Services	14,224,206	11,899,449	2,324,757
Total human services	21,351,215	17,613,189	3,738,026
Cultural and Recreational:			
Libraries:			
Edgecombe Memorial Library contribution	358,850	358,850	-
Braswell Memorial Library contribution	181,495	181,495	-
Total	540,345	540,345	-
Edgecombe County Cultural Arts Council	35,431	-	35,431

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Recreation:			
Salaries and employee benefits		46,309	
Other operating expenditures		3,069	
Recreation grants		10,000	
Total	38,864	59,378	(20,514)
Total cultural and recreational	614,640	599,723	14,917
Environmental Protection:			
Water and Sewer Projects			
IDF grant engineering	1,922,070	1,618,445	303,625
Princeville water and sewer	50,000	47,079	2,921
Total environmental protection	1,972,070	1,665,524	306,546
Education			
Edgecombe County Schools - current expense	7,451,618	7,451,618	-
Nash Rocky Mounty Schools - current expense	2,188,320	2,188,320	-
Public schools - capital outlay	82,622	82,621	1
Lottery Allocation - capital outlay	1,000,000	-	1,000,000
Community colleges - current expenditures	1,656,000	1,656,000	-
Community colleges - capital outlay	173,447	173,447	-
Total education	12,552,007	11,552,006	1,000,001
Debt Service:			
Principal retirement	1,931,787	2,068,651	(136,864)
Principal retirement - Schools	698,000	698,000	-
Principal retirement - Community College	509,250	509,250	-
Interest and fees	709,098	698,042	11,056
Interest and fees - Schools	152,198	152,198	-
Interest and fees - Community College	251,089	251,089	-
Debt issuance costs	2,000	-	2,000
Total debt service	4,253,422	4,377,230	(123,808)
Total expenditures	83,847,969	60,255,331	20,105,056
Revenues over (under) expenditures	(601,410)	393,452	994,862

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

Exhibit B-3 (continued)

	Final Budget	Actual	Variance Positive (Negative)
Other financing sources (uses)			
Transfers			
Transfer from General Fund - Health Department	\$ 1,516,673	\$ 1,516,653	\$ (20)
Transfer from General Fund - DSS	4,713,589	4,713,589	-
Transfers to other funds	(7,242,386)	(7,573,746)	(331,360)
Total net transfers	(1,012,124)	(1,343,504)	(331,380)
Proceeds from long-term debt	395,349	395,349	-
Proceeds from sale of capital assets	10,000	15,002	5,002
Total other financing sources (uses)	(606,775)	(933,153)	(326,378)
Appropriated fund balance	7,768,577	-	(7,768,577)
Net change in fund balance	\$ 6,560,392	(539,701)	\$ (7,100,093)
Fund balance, beginning of year		21,843,849	
Fund balance, end of year		\$ 21,304,148	

Edgecombe County, North Carolina
Revaluation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2019
Exhibit B-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
General Government:			
Operating expenditures	-	-	-
Total expenditures	-	-	-
Revenues over (under) expenditures	-	-	-
Appropriated fund balance	-	-	-
Revenues, other sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		483,068	
Fund balance, end of year		\$ 483,068	

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Emergency Telephone System Fund - This fund was established in accordance with North Carolina law to accounts for the accumulation of telephone surcharges to be used for emergency telephone services.

Fire District Fund - This fund accounts for the ad valorem tax levies of the fire districts in Edgecombe County.

Economic Development and Housing Recovery Fund -This fund accounts for grant revenues from the North Carolina Housing Finance Agency restricted for repairs and renovations of low income homes.

Industrial Sites Development Fund -This fund accounts for revenues and expenditures related to economic and industrial development.

Community Development Block Grant Fund -This fund accounts for community development block grant funds restricted for economic and physical development

Capital Project Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities other than those financed by Proprietary funds.

School Capital Project Fund -This fund accounts for restricted sales tax revenues designated for public school capital expenditures.

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Edgecombe County, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2019
Exhibit C-1

	Special Revenue Funds							
	Emergency Telephone System Fund	Fire District Fund	Economic Development and Housing Recovery Fund	Industrial Sites Development Fund	Community Development Block Grant Fund	Total NonMajor Special Revenue Funds	Schools Capital Project Fund	Total Nonmajor Governmental Funds
Assets								
Cash and cash equivalents	\$ 437,143	\$ -	\$ 36,332	\$ -	\$ -	\$ 473,475	\$ (72,104)	\$ 401,371
Taxes receivables, net	-	156,445	-	-	-	156,445	-	156,445
Due from other governments	7,649	-	-	-	-	7,649	327,029	334,678
Total assets	\$ 444,792	\$ 156,445	\$ 36,332	\$ -	\$ -	\$ 637,569	\$ 254,925	\$ 892,494
Liabilities								
Accounts payable and accrued liabilities	\$ 3,356	\$ 21,566	\$ -	\$ 864	\$ 6,988	\$ 32,774	81,243	\$ 114,017
Due to other funds	-	3,214	31,211	183,845	316,520	534,790	173,682	708,472
Total liabilities	3,356	24,780	31,211	184,709	323,508	567,564	254,925	822,489
Deferred Inflows of Resources	-	139,485	-	-	-	139,485	-	139,485
Fund Balances								
Restricted:								
Stabilization by State Statute	7,649	16,960	-	-	-	24,609	254,925	279,534
Public safety E-911	433,787	-	-	-	-	433,787	-	433,787
Committed:								
Committed for economic development	-	-	-	-	-	-	-	-
Unassigned	-	(24,780)	5,121	(184,709)	(323,508)	(527,876)	(254,925)	(782,801)
Total fund balances	441,436	(7,820)	5,121	(184,709)	(323,508)	(69,480)	-	(69,480)
Total liabilities, deferred inflows of resources, and fund balances	\$ 444,792	\$ 156,445	\$ 36,332	\$ -	\$ -	\$ 637,569	\$ 254,925	\$ 892,494

Edgecombe County, North Carolina
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balance
For the Year Ended June 30, 2019
Exhibit C-2

	Special Revenue Funds							
	Emergency Telephone System Fund	Fire District Fund	Economic Development and Housing Recovery Fund	Industrial Sites Development Fund	Community Development Block Grant Fund	Total NonMajor Special Revenue Funds	Schools Capital Project Fund	Total Nonmajor Governmental Funds
Revenues								
Ad valorem taxes	\$ -	\$ 1,170,861	\$ -	\$ -	\$ -	\$ 1,170,861	\$ -	\$ 1,170,861
Local option sales tax	-	-	-	-	-	-	923,621	923,621
Restricted intergovernmental	91,785	-	107,217	-	-	199,002	-	199,002
Sales and services	-	-	-	41,159	-	41,159	-	41,159
Total revenues	91,785	1,170,861	107,217	41,159	-	1,411,022	923,621	2,334,643
Expenditures								
Public safety	121,398	1,178,681	-	-	-	1,300,079	-	1,300,079
Economic and physical development	-	-	179,926	863,859	187,408	1,231,193	-	1,231,193
Capital outlay	-	-	6,987,043	-	-	6,987,043	923,621	7,910,664
Interest and penalties	-	-	17,500	-	-	17,500	-	17,500
Total expenditures	121,398	1,178,681	7,184,469	863,859	187,408	9,535,815	923,621	10,459,436
Revenues over (under) expenditures	(29,613)	(7,820)	(7,077,252)	(822,700)	(187,408)	(8,124,793)	-	(8,124,793)
Other financing sources (uses)								
Proceeds of long-term debt	-	-	7,000,000	-	-	7,000,000	-	7,000,000
Transfers from other funds	-	-	-	1,012,144	-	1,012,144	-	1,012,144
Total other financing sources (uses)	-	-	7,000,000	1,012,144	-	8,012,144	-	8,012,144
Net change in fund balances	(29,613)	(7,820)	(77,252)	189,444	(187,408)	(112,649)	-	(112,649)
Fund balances, beginning of year	471,049	-	82,373	(374,153)	(136,100)	43,169	-	43,169
Fund balances, end of year	\$ 441,436	\$ (7,820)	\$ 5,121	\$ (184,709)	\$ (323,508)	\$ (69,480)	\$ -	\$ (69,480)

Edgecombe County, North Carolina
Emergency Telephone System Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019
Exhibit C-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted intergovernmental:			
Emergency telephone fee	\$ 190,000	\$ 91,785	\$ (98,215)
Total revenues	190,000	91,785	(98,215)
Expenditures			
Public safety:			
Emergency telephone services:			
Operating expenditures	122,082	121,398	684
Capital outlay	-	-	-
Total expenditures	122,082	121,398	684
Revenues over (under) expenditures	67,918	(29,613)	(97,531)
Appropriated fund balance	22,600	-	(22,600)
Net change in fund balance	<u>\$ 90,518</u>	(29,613)	<u>\$ (120,131)</u>
Fund balance, beginning of year		471,049	
Fund balance, end of year		<u>\$ 441,436</u>	

Edgecombe County, North Carolina
Fire Districts Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
Exhibit C-4

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes	\$ 1,072,000	\$ 1,170,861	\$ 98,861
Total revenues	1,072,000	1,170,861	98,861
Expenditures			
Public Safety:			
Harrison Fire District	80,000	59,992	20,008
Tri County Fire District	50,000	60,511	(10,511)
Davenport Fire District	40,000	33,039	6,961
Heartsease Fire District	150,000	177,664	(27,664)
Princeville Fire District	115,000	108,903	6,097
Speed Fire District	85,000	88,537	(3,537)
South Edgecombe Fire District	110,000	149,617	(39,617)
Macclesfield Fire District	65,000	63,204	1,796
Leggett Fire District	80,000	78,739	1,261
West Edgecombe Fire District	150,000	149,004	996
Lewis Fire District	65,000	63,119	1,881
Conetoe Fire District	90,000	133,300	(43,300)
Sharp Point Fire District	6,500	5,546	954
Pintain Fire District	7,900	7,506	394
Total expenditures	1,094,400	1,178,681	(84,281)
Revenues over (under) expenditures	<u>\$ (22,400)</u>	(7,820)	<u>\$ 14,580</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ (7,820)	

Edgecombe County, North Carolina
Economic Development and Housing Recovery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and for the Year Ended June 30, 2019
Exhibit C-5

	Project Authorization			Actual			
	June 30, 2018	Budget Amendments	June 30, 2019	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues							
Restricted intergovernmental:							
NC Housing Finance Agency							
2013 Single Family Rehabilitation Loan Pool	\$ 427,612	\$ 1,071,184	\$ 1,498,796	\$ 411,253	\$ -	\$ 411,253	\$ (1,087,543)
Urgent Repairs Program	100,000	298,391	398,391	200,229	(12,960)	187,269	(211,122)
2016 Single Family Rehabilitation Loan Pool	150,000	342,040	492,040	43,147	120,177	163,324	(328,716)
CNEF grant	9,000	-	9,000	9,000	-	9,000	-
The Rural Center - SEPRO	60,000	-	60,000	60,000	-	60,000	-
County match	1,800	-	1,800	1,800	-	1,800	-
Total	748,412	1,711,615	2,460,027	725,429	107,217	832,646	(1,627,381)
Investment earnings	-	-	-	897	-	897	897
Total revenues	748,412	1,711,615	2,460,027	726,326	107,217	833,543	(1,626,484)
Expenditures							
Economic and physical development:							
NC Housing Finance Agency							
2013 Single Family Rehabilitation Loan Pool	427,612	(1,527)	426,085	494,947	163,580	658,527	(232,442)
2014 Urgent Repairs Program	100,000	(25,000)	75,000	76,458	-	76,458	(1,458)
2016 Urgent Repairs Program	-	294,216	294,216	93,139	-	93,139	201,077
2017 Urgent Repairs Program	-	104,175	104,175	45,825	(45,666)	159	104,016
2016 Single Family Rehabilitation Loan Pool	150,000	342,040	492,040	92,773	62,012	154,785	337,255
Community Togetherness	9,000	(4,655)	4,345	8,566	-	8,566	(4,221)
The Rural Center - SEPRO	61,800	-	61,800	22,079	-	22,079	39,721
Capital outlay - land acquisition	-	22,328,148	22,328,148	12,575,392	6,987,043	6,987,043	15,341,105
Debt Service							
Interest and fees	-	-	-	-	17,500	17,500	(17,500)
Total expenditures	748,412	23,037,397	23,785,809	13,409,179	7,184,469	8,018,256	15,767,553
Revenues over (under) expenditures	-	(21,325,782)	(21,325,782)	(12,682,853)	(7,077,252)	(7,184,713)	14,141,069
Other financing sources (uses)							
Proceeds of long-term debt	-	20,597,726	20,597,726	12,765,226	7,000,000	19,765,226	(832,500)
Net change in fund balance	\$ -	\$ (728,056)	\$ (728,056)	\$ 82,373	(77,252)	\$ 12,580,513	\$ 13,308,569
Fund balance, beginning of year					82,373		
Fund balance, end of year					\$ 5,121		

Edgecombe County, North Carolina
Industrial Sites Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
Exhibit C-6

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Lease payments	\$ -	\$ 41,159	\$ 41,159
Expenditures			
Economic Development			
Salaries and benefits	32,765	30,438	2,327
Industrial incentives	979,379	833,421	145,958
Total expenditures	1,012,144	863,859	148,285
Revenues over (under) expenditures	(1,012,144)	(822,700)	189,444
Other financing sources			
Transfers from other funds	1,012,144	1,012,144	-
Revenues and other financing sources over (under) expenditures	-	189,444	189,444
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ -</u>	189,444	<u>\$ 189,444</u>
Fund balance, beginning of year		(374,153)	
Fund balance, end of year		\$ (184,709)	

Edgecombe County, North Carolina
Community Development Block Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and for the Year Ended June 30, 2019
Exhibit C-7

	Project Authorization				Actual		Variance
	June 30, 2018	Budget Amendments	June 30, 2019	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues							
Restricted intergovernmental:							
Community Development Block Grant	\$ 19,060,000	\$ 25,308,001	\$ 44,368,001	\$ -	\$ -	\$ -	\$(44,368,001)
Total revenues	19,060,000	25,308,001	44,368,001	-	-	-	(44,368,001)
Expenditures							
Economic and physical development:							
Salaries and benefits	-	243,100	243,100	70,338	157,363	227,701	15,399
Administration	-	589,103	589,103	4,978	30,045	35,023	554,080
Other operating expenditures	-	1,944,944	1,944,944		-		
CDBG grant	19,060,000	20,966,630	40,026,630	60,784	-	60,784	39,965,846
Total expenditures	19,060,000	23,743,777	42,803,777	136,100	187,408	323,508	40,535,325
Revenues over (under) expenditures	-	1,564,224	1,564,224	(136,100)	(187,408)	(323,508)	(3,832,676)
Other financing sources (uses)							
Transfers from other funds	70,778	63,195	133,973	-	0	-	(133,973)
Net change in fund balance	\$ 70,778	\$ 1,627,419	\$ 1,698,197	\$ (136,100)	\$ (187,408)	\$ (323,508)	\$ (3,966,649)
Fund balance, beginning of year					(136,100)		
Fund balance, end of year					\$ (323,508)		

Edgecombe County, North Carolina
School Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
Exhibit C-8

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Local option sales tax - restricted portion	\$ 725,000	\$ 923,621	\$ 198,621
Total revenues	725,000	923,621	198,621
Expenditures			
Education:			
Schools Capital Outlay			
Edgecombe County Board of Education	584,917	622,193	(37,276)
Nash Rocky Mount Board of Education	283,369	301,428	(18,059)
Total expenditures	868,286	923,621	(55,335)
Revenues over (under) expenditures	<u>\$ (143,286)</u>	-	<u>\$ 143,286</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

ENTERPRISE FUNDS

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

Water and Sewer Operations Fund -This fund is used to account for the County's water and sewer operations.

Water District Capital Projects Fund -This fund is used to account for the construction of water and sewer infrastructure in the County's Water Districts. This fund is consolidated with the Water and Sewer Operations Fund.

Solid Waste Fund -This fund is used to account for the collection, recycle, and disposal of solid waste.

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Edgecombe County, North Carolina
Water and Sewer Operations Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
Exhibit D-1

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues			
Charges for services:			
Water sales	\$ 3,330,000	\$ 3,357,215	\$ 27,215
Sewer sales	627,000	587,563	(39,437)
Late charges and penalties	170,000	231,601	61,601
Water taps	50,000	97,519	47,519
Sewer taps	-	100	100
Administration fees	2,400	2,400	-
Other operating revenues	13,000	14,450	1,450
Total operating revenues	4,192,400	4,290,848	98,448
Non-operating revenues			
Investment earnings	-	1,692	1,692
Miscellaneous	30,000	20,042	(9,958)
Total operating revenues	30,000	21,734	(8,266)
Total revenues	4,222,400	4,312,582	90,182
Expenditures:			
Water and Sewer Operation Administration:			
Salaries and employee benefits	602,400	588,797	13,603
Water purchases	1,170,000	1,183,273	(13,273)
Operating expenditures	649,000	580,811	68,189
Sewer costs	450,000	445,659	4,341
Capital outlay	25,000	23,252	1,748
Total	2,896,400	2,821,792	74,608
Debt Service			
Debt principal	775,680	775,680	-
Interest and fees	545,639	537,777	7,862
Total	1,296,284	1,313,457	(17,173)
Total expenditures	4,192,684	4,135,249	57,435
Revenues over (under) expenditures	29,716	177,333	147,617
Revenues and other financing sources over (under) expenditures and other financing uses	\$ 29,716	\$ 177,333	\$ 147,617

Edgecombe County, North Carolina
Water and Sewer Operations Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
Exhibit D-1 (continued)

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues and other financing sources over (under)	
expenditures and other financing uses	\$ 177,333
Reconciling items:	
Capitalized assets	23,252
Depreciation	(1,328,716)
Decrease in accrued interest payable	2,281
Principal debt retirement	775,680
Amortization of premium on refunding bonds	27,086
Amortization of deferred costs of refunding	(27,250)
Change in net pension liability	(39,973)
Decrease in deferred outflows of resources - pensions	32,696
Increase in deferred outflows of resources - OPEB	(578)
Decrease in deferred inflows of resources - pensions	(1,337)
Increase in deferred inflows of resources - OPEB	(5,096)
Change in compensated absences	(2,799)
Change in total OPEB liability	16,335
Water and Sewer Capital Project Fund	
Investment earnings	2,280
<hr/>	
Total reconciling items	(526,139)
<hr/>	
Change in net position	\$ (348,806)
<hr/>	

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2019
Exhibit D-2

	Project Authorization				Actual		Variance
	June 30, 2018	Budget Amendments	June 30, 2019	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues							
Water District No. 5							
Restricted Intergovernmental:							
USDA Grant - Draughn Road	\$ -	\$ -	\$ -	\$ 45,985	\$ -	\$ 45,985	\$ 45,985
Total	-	-	-	45,985	-	45,985	45,985
New Hope Church Road:							
Restricted Intergovernmental:							
Rural Center	625,000	-	625,000.00	442,119	-	442,119	(182,881)
USDA Grant	1,296,750	-	1,296,750.00	1,309,445	-	1,309,445	12,695
Total	1,921,750	-	1,921,750	1,751,564	-	1,751,564	(170,186)
Water District No 4 - Phase III							
Restricted Intergovernmental:							
Rural Center	1,000,000	-	1,000,000	345,408	-	345,408	(654,592)
USDA Grant	3,013,590	-	3,013,590	3,013,590	-	3,013,590	-
Local Match	63,600	-	63,600	69,277	-	69,277	5,677
Total	4,077,190	-	4,077,190	3,428,275	-	3,428,275	(648,915)
Water District No 5 - Logsboro Road							
Restricted Intergovernmental:							
USDA Grant	1,298,780	-	1,298,780.00	1,298,780.00	-	1,298,780	-
Clean water state revolving funds	550,000	-	550,000.00	550,000.00	-	550,000	-
NC clean water grant	600,000	-	600,000.00	600,000.00	-	600,000	-
CDBG IF	750,000	-	750,000.00	743,934.00	-	743,934	(6,066)
Local Match	66,500	-	66,500	-	-	-	(66,500)
Total	3,265,280	-	3,265,280	3,192,714	-	3,192,714	(72,566)
Speed Sewer Project							
CDBG Grant	2,981,569	25,610	3,007,179	2,901,787	-	2,901,787	(105,392)
USDA Grant	1,181,431	(770,734)	410,697	-	-	-	(410,697)
Total	4,163,000	(745,124)	3,417,876	2,901,787	-	2,901,787	(516,089)
Miscellaneous Water Projects:							
Investment income	-	-	-	2,363	2,280	4,643	4,643
Total revenues	13,427,220	(745,124)	12,682,096	11,322,688	2,280	11,324,968	(1,357,128)

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2019
Exhibit D-2

	Project Authorization				Actual		Variance
	June 30, 2018	Budget Amendments	June 30, 2019	Prior Years	Current Year	Total to Date	Positive (Negative)
Expenditures							
New Hope Church Road:							
Construction	\$ 1,978,529	\$ -	\$ 1,978,529	\$ 2,121,543	\$ -	\$ 2,121,543	\$ (143,014)
Engineering fees	423,300	-	423,300	407,371	-	407,371	15,929
Land right of way	263,000	-	263,000	6,315	-	6,315	256,685
Administrative and legal	15,000	-	15,000	128,211	-	128,211	(113,211)
Capitalized interest	-	-	-	5,231	-	5,231	(5,231)
Contingency	21,921	-	21,921	-	-	-	21,921
Total	2,701,750	-	2,701,750	2,668,671	-	2,668,671	33,079
Water District No. 4 - Phase III							
Construction	6,554,120	-	6,554,120	6,562,478	-	6,562,478	(8,358)
Engineering fees	697,000	-	697,000	389,542	-	389,542	307,458
Land right of way	15,000	-	15,000	238	-	238	14,762
Administrative and legal	95,000	-	95,000	115,641	-	115,641	(20,641)
Capitalized interest	37,880	-	37,880	37,430	-	37,430	450
Contingency	293,190	-	293,190	-	-	-	293,190
Total	7,692,190	-	7,692,190	7,105,329	-	7,105,329	586,861
Water District No. 5 - Logsboro Road							
Construction	3,727,327	-	3,727,327	3,907,068	-	3,907,068	(179,741)
Engineering fees	692,900	-	692,900	473,362	-	473,362	219,538
Land right of way	33,000	-	33,000	33,000	-	33,000	-
Administrative and legal	192,000	-	192,000	199,259	-	199,259	(7,259)
Capitalized interest	33,500	-	33,500	6,075	-	6,075	27,425
Contingency	79,553	-	79,553	-	-	-	79,553
Total	4,758,280	-	4,758,280	4,618,764	-	4,618,764	139,516
Miscellaneous Water Projects:							
Meter replacement project	428,464	-	428,464	343,478	-	343,478	84,986

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2019
Exhibit D-2

	Project Authorization				Actual		Variance
	June 30, 2018	Budget Amendments	June 30, 2019	Prior Years	Current Year	Total to Date	Positive (Negative)
Speed Sewer Project:							
Construction CDBG	\$ 2,766,969	\$ -	\$ 2,766,969	\$ 2,732,453	\$ 165,565	\$ 2,898,018	\$ (131,049)
Construction USDA	1,546,523	-	1,546,523	423,237	676,358	1,099,595	446,928
Rehab / LMI USDA	-	-	-	100,791	33,167	133,958	(133,958)
Construction USDA	-	-	-	404,904	10,191	415,095	(415,095)
Rehab / LMI CDBG	89,600	-	89,600	42,849	-	42,849	46,751
Administrative and legal USDA	44,908	-	44,908	-	-	-	44,908
Administrative and legal CDBG	125,000	-	125,000	102,448	19,958	122,406	2,594
Total	4,573,000	-	4,573,000	3,806,682	905,239	4,711,921	(138,921)
Total expenditures	20,153,684	-	20,153,684	18,542,924	905,239	19,448,163	705,521
Revenues over (under) expenditures	(6,726,464)	(745,124)	(7,471,588)	(7,220,236)	(902,959)	(8,123,195)	(2,062,649)
Other Financing Sources (Uses)							
Transfer from Water and Sewer	-	-	-	508,871	-	508,871	508,871
Meter replacement project							
Loan proceeds - Drinking Water State							
Revolving Funds	428,464	-	428,464	343,478	-	343,478	(84,986)
Water District No. 5 - Logsboro Road							
Loan proceeds - Clean Water State							
Revolving Funds	1,100,000	-	1,100,000	974,708	-	974,708	(125,292)
USDA Loan	393,000	-	393,000	393,000	-	393,000	-
New Hope Church Road							
USDA Loan	780,000	-	780,000	780,000	-	780,000	-
Speed Sewer Project:							
USDA Loan	410,000	-	410,000	-	-	-	(410,000)
Water District No. 4 - Phase III							
USDA Loan	3,615,000	-	3,615,000	3,615,000	-	3,615,000	-
Total other financing sources (uses)	6,726,464	-	6,726,464	6,615,057	-	6,615,057	(111,407)
Revenues and other financing sources over							
(under) expenditures and other uses	\$ -	\$ (745,124)	\$ (745,124)	\$ (605,179)	\$ (902,959)	\$ (1,508,138)	\$ (763,014)

Edgecombe County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
Exhibit D-3

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues			
Solid waste charges	\$ 2,000,000	\$ 2,286,468	\$ 286,468
Recycling fees	-	2,339	2,339
Landfill gas electric sales and carbon credits	100,000	48,883	(51,117)
Total operating revenues	2,100,000	2,337,690	237,690
Non-operating revenues			
Solid waste disposal tax	10,000	20,163	10,163
Scrap tire disposal tax	50,000	73,955	23,955
White goods disposal tax	5,000	21,828	16,828
White goods grant	-	21,281	21,281
Waste reduction and recycling grant	13,030	11,424	(1,606)
Miscellaneous	-	11,408	11,408
Total non-operating revenues	78,030	160,059	82,029
Total revenues	2,178,030	2,497,749	319,719
Expenditures:			
Landfill operations			
Salaries and employee benefits		704,242	
Operating expenditures		1,502,997	
Keep America Beautiful		11,471	
Recycling and solid waste disposal		104,381	
Capital outlay		555,095	
Total	3,699,648	2,878,186	821,462
Debt Service			
Debt principal	77,760	77,760	-
Total	77,760	77,760	-
Total expenditures	3,777,408	2,955,946	821,462
Revenues over (under) expenditures	(1,599,378)	(458,197)	1,141,181
Other financing sources			
Transfer from General Fund	-	331,360	331,360
Appropriated fund balance	841,360	-	(841,360)
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	\$ (758,018)	\$ (126,837)	\$ 631,181

Edgecombe County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2019
Exhibit D-3 (continued)

Reconciliation from budgetary basis (modified accrual) to full accrual:

Revenues, other financing sources, and appropriated fund balance over (under) expenditures	\$ (126,837)
Reconciling items:	
Debt principal	77,760
Capital outlay	555,095
Depreciation	(223,803)
Increase in deferred outflows of resources - pensions	25,235
Increase in deferred outflows of resources - OPEB	1,296
Increase in net pension liability	(31,218)
Increase in deferred inflows of resources - pensions	(1,107)
Increase in deferred inflows of resources - OPEB	(14,759)
Decrease in compensated absences	2,649
Increase in total OPEB liability	(150,581)
Increase in accrued landfill closure and post-closure costs	(259,146)
Total reconciling items	(18,579)
Change in net position	\$ (145,416)

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TRUST AND AGENCY FUNDS

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

Motor Vehicle Tax Fund -This fund accounts for the proceeds of the motor vehicle taxes collected by the County on behalf of municipalities within the County.

Cooperative Extension and 4-H Fund -This fund accounts for the monies held in trust for the Cooperative Extension and 4-H programs within the County.

Social Services Fund - This fund accounts for monies held by the Social Service Department for the benefit of certain individuals in the county.

Register of Deeds Trust Fund -This fund accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage to remit to North Carolina.

Inmates Trust Fund - This fund accounts for monies held by the Sheriff's Department for the benefit of inmates at the County's jail.

Fines and Forfeitures Fund -This fund accounts for fines and forfeitures collected by the County and remitted to the Board of Education.

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Edgecombe County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019
Exhibit E-1

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Motor Vehicle Tax Fund</u>				
Assets				
Cash and cash equivalents	\$ 260,148	\$ 1,615,978	\$ 1,719,718	\$ 156,408
Total assets	\$ 260,148	\$ 1,615,978	\$ 1,719,718	\$ 156,408
Liabilities				
Due to other governments	\$ 260,148	\$ 1,615,978	\$ 1,719,718	\$ 156,408
Total liabilities	\$ 260,148	\$ 1,615,978	\$ 1,719,718	\$ 156,408
<u>Cooperative Extension and 4-H</u>				
Assets				
Cash and cash equivalents	\$ 127,990	\$ 7,781	\$ -	\$ 135,771
Total assets	\$ 127,990	\$ 7,781	\$ -	\$ 135,771
Liabilities				
Miscellaneous liabilities	\$ 127,990	\$ 7,781	\$ -	\$ 135,771
Total liabilities	\$ 127,990	\$ 7,781	\$ -	\$ 135,771
<u>Social Services Fund</u>				
Assets				
Cash and cash equivalents	\$ 85,292	\$ 199,491	\$ 233,070	\$ 51,713
Liabilities				
Miscellaneous liabilities	\$ 85,292	\$ 199,491	\$ 233,070	\$ 51,713
<u>Register of Deeds Trust Fund:</u>				
Assets				
Cash and cash equivalents	\$ 285	\$ 19,493	\$ 19,493	\$ 285
Total assets	\$ 285	\$ 19,493	\$ 19,493	\$ 285
Liabilities				
Due to other governments	\$ 285	\$ 19,493	\$ 19,493	\$ 285
Total liabilities	\$ 285	\$ 19,493	\$ 19,493	\$ 285

Edgecombe County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019
Exhibit E-1 (continued)

Inmates Trust Fund

Assets

Cash and cash equivalents	\$	25,918	\$	18,250	\$	-	\$	44,168
---------------------------	----	--------	----	--------	----	---	----	--------

Liabilities

Miscellaneous liabilities	\$	25,918	\$	18,250	\$	-	\$	44,168
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Fines and Forfeitures Fund

Assets

Cash and cash equivalents	\$	51,895	\$	347,237	\$	360,368		38,764
Miscellaneous receivables		524		-		524		-
Total assets	\$	52,419	\$	347,237	\$	360,892	\$	38,764

Liabilities

Due to other governments	\$	52,419	\$	346,713	\$	360,368	\$	38,764
Total liabilities	\$	52,419	\$	346,713	\$	360,368	\$	38,764

Totals - All Agency Funds:

Assets

Cash and cash equivalents	\$	551,528	\$	2,208,230	\$	2,332,649	\$	427,109
Miscellaneous receivables		524		-		524		-
Total assets	\$	552,052	\$	2,208,230	\$	2,333,173	\$	427,109

Liabilities

Miscellaneous liabilities	\$	239,200	\$	225,522	\$	233,070	\$	231,652
Due to other governments		312,852		1,982,184		2,099,579		195,457
Total liabilities	\$	552,052	\$	2,207,706	\$	2,332,649	\$	427,109

COMPONENT UNIT

This section provides supplementary information regarding the County's discretely presented component unit that does not issue separate financial statements.

Edgecombe County Tourism Development Authority - This discretely presented governmental fund type component unit accounts for tourism development activities within the County.

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Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
Supplemental Statement of Net Position
June 30, 2019
Exhibit F-1

Assets

Current assets:		
Cash and cash equivalents	\$	118,677
Due from primary government		22,835
<hr/>		
Total assets		141,512
<hr/>		

Net Position

Restricted:		
Stabilization by state statute	\$	22,835
Tourism promotion		118,677
<hr/>		
Total net position	\$	141,512
<hr/>		

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
Supplemental Statement of Activities
For the Year Ended June 30, 2019
Exhibit F-2

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
		Governmental Activities
Governmental Activities:		
Economic and physical development	\$ 102,945	\$ (102,945)
General Revenues:		
Occupancy taxes		105,369
Miscellaneous		2,240
Total general revenues		107,609
Change in net position		4,664
Net position, beginning of year		136,848
Net position, end of year		\$ 141,512

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
Supplemental Balance Sheet
June 30, 2019
Exhibit F-3

Assets

Cash and cash equivalents	\$ 118,677
Due from primary government	22,835
<hr/>	
Total assets	\$ 141,512
<hr/>	

Fund Balances

Restricted:	
Stabilization by state statute	\$ 22,835
Tourism promotion	118,677
<hr/>	
Total fund balances	141,512
<hr/>	
Total liabilities and fund balances	\$ 141,512
<hr/>	

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
Supplemental Schedule of Revenues, Expenditures,
and Changes in Fund Balance
June 30, 2019
Exhibit F-4

Revenues

Occupancy taxes	\$ 105,369
Miscellaneous	2,240
<hr/>	
Total revenues	107,609

Expenditures

Chamber of Commerce	45,150
Advertising and marketing	50,192
Other operating expenditures	7,603
<hr/>	
Total expenditures	102,945

Net change in fund balance	4,664
Fund balance, beginning of year	136,848
<hr/>	
Fund balance, end of year	\$ 141,512

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
Supplemental Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019
Exhibit F-5

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
Revenues				
Occupancy taxes	\$ 90,000	\$ 90,000	\$ 105,369	\$ 15,369
Miscellaneous	-	-	2,240	2,240
Total revenues	90,000	90,000	107,609	17,609
Expenditures				
Chamber of Commerce	45,150	45,150	45,150	-
Advertising and marketing	55,400	55,400	50,192	5,208
Asset development	-	-	-	-
Other operating expenditures	6,200	6,200	7,603	(1,403)
Total expenditures	106,750	106,750	102,945	3,805
Revenues over (under) expenditures	(16,750)	(16,750)	4,664	21,414
Fund balance appropriated	16,750	16,750	-	(16,750)
Net change in fund balance	\$ -	\$ -	\$ 4,664	\$ 4,664
Fund balance, beginning of year			136,848	
Fund balance, end of year			\$ 141,512	

Note: This is a discretely presented component unit which does not prepare separate financial statements.

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OTHER SCHEDULES

This section provides additional information on ad valorem taxes, general obligation debt and the Employees Health Insurance Fund.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy - County-wide Levy

Analysis of Current Tax Levy – Fire Districts

Analysis of Current Tax Levy- Secondary Market Disclosures

Ten Largest Taxpayers

Legal Debt Margin

Employees Health Insurance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

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Edgecombe County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019
Exhibit G-1

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 30,390,494	\$ 29,123,223	\$ 1,267,271
2017-2018	1,239,837	-	388,147	851,690
2016-2017	957,521	-	203,196	754,325
2015-2016	760,778	-	143,265	617,513
2014-2015	642,792	-	125,658	517,134
2013-2014	576,330	-	102,145	474,185
2012-2013	513,161	-	78,013	435,148
2011-2012	414,474	-	60,015	354,459
2010-2011	335,309	-	42,360	292,949
2009-2010	266,342	-	32,211	234,131
2008-2009	224,149	-	25,651	198,498
Totals	5,930,693	30,390,494	30,323,884	5,997,303
Less allowance for uncollectible accounts				(1,752,983)
Ad valorem taxes receivable, net				\$ 4,244,320
Reconcilement with revenues:				
Ad valorem taxes - General Fund				30,903,360
Reconciling items:				
Interest and penalties collected				(590,061)
Refunds				10,972
Taxes written off - 10 Year Statute				198,498
Prior years releases and adjustments				(198,885)
Total reconciling items				(579,476)
Total collections and credits				\$ 30,323,884

Edgecombe County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2019
Exhibit G-2

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 2,983,468,342	0.95	\$ 28,342,949	\$ 24,757,039	\$ 3,585,910
Penalties			46,345	46,345	-
Total	2,983,468,342		28,389,294	24,803,384	3,585,910
Discoveries:					
Current year taxes	221,052,632	0.95	2,100,000	2,100,000	-
Prior year's taxes	-		-	-	-
Total	221,052,632		2,100,000	2,100,000	-
Abatements:					
Current year taxes	(10,400,000)	0.95	(98,800)	(98,800)	-
Prior year's taxes	-		-	-	-
Total	(10,400,000)		(98,800)	(98,800)	-
Total property valuation	\$ 3,194,120,974				
Net levy			30,390,494	26,804,584	3,585,910
Uncollected taxes at June 30, 2019			1,267,271	1,267,271	-
Current year's taxes collected			\$ 29,123,223	\$ 25,537,313	\$ 3,585,910
Current levy collection percentage			95.83%	95.27%	100.00%

Edgecombe County, North Carolina
Analysis of Current Tax Levy
Fire Districts
For the Year Ended June 30, 2019
Exhibit G-3

Fire Protection District	Original Levy	Accounts Receivable
Harrison	\$ 52,217	\$ 1,280
Tri-County	51,225	2,235
Davenport	28,867	1,478
Heartsease	160,790	3,846
Princeville	100,055	5,751
Speed	79,865	4,326
South Edgecombe	128,986	6,241
Macclesfield	54,363	1,687
Leggett	69,687	3,024
West Edgecombe	121,012	4,664
Lewis	50,619	2,363
Conetoe	115,285	4,042
Sharp Point	4,618	131
Pintain	7,874	430
Total original levy	\$ 1,025,462	\$ 41,497
Less uncollected at June 30, 2019	41,497	
Current Year's Taxes Collected	\$ 983,964	
Percent Current Year Collected	95.95%	

In addition to the County-wide rate, the table shown above lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2019.

Edgecombe County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2019
Exhibit G-4

Secondary Market Disclosures:	<u>Levy</u>
Assessed Valuation:	
Assessment ratio*	100.74%
Real property	\$ 2,577,938,988
Personal property	423,385,696
Discoveries / Abatements	17,625,249
Motor Vehicles	380,638,696
Public service companies**	190,097,020
Less tax exempt property	(395,564,675)
Total assessed valuation	3,194,120,974
Tax rate per \$100	0.95
Tax levy (including discoveries, releases, and abatements)***	\$ 30,344,149
Interest and penalties	46,345
Net levy	\$ 30,390,494

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

Fire protection districts	\$ 1,025,462
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* Percentage of appraised value has been established by statute.

** Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

*** The levy does not includes interest and penalties.

Edgecombe County, North Carolina
Ten Largest Taxpayers
For the Year Ended June 30, 2019
Exhibit G-5

Taxpayer	Assessed Valuation	Percent of Total Assessed Valuation
QVC of Rocky Mount, Inc.	\$ 81,750,941	2.56%
Hillshire Brands	82,286,726	2.58%
Carolina System Technology, Inc.	66,503,770	2.08%
LS Cable & System USA, Inc. (Superior Essex Energy)	31,266,219	0.98%
Dominion NC Power	30,457,245	0.95%
Carolina Telephone	24,128,990	0.76%
Edgecombe Martin Co. EMC	27,074,305	0.85%
Conetoe II Solar, LLC	29,065,260	0.91%
CSX Transportation	21,698,250	0.68%
ABB Power T & D Co., Inc.	20,677,175	0.65%
TOTAL	\$ 414,908,881	12.99%
Total Assessed Valuation	\$ 3,194,120,974	100.00%

Edgecombe County, North Carolina
Legal Debt Margin
June 30, 2019
Exhibit G-6

Assessed value of taxable property	\$ 3,194,120,974
Debt limit per G.S. 159-55	8.00%
Total	255,529,678
Gross debt:	
Government Activities	
Limited obligation bonds	4,878,000
General obligation bonds	5,351,000
Installment purchases	27,366,903
Notes payable	216,297
Water & Sewer Funds	
Limited obligation bonds	8,672,000
General obligation bonds	3,404,000
Notes payable	1,189,647
Revenue Bonds	1,717,000
Solid Waste Fund	
Notes payable	188,080
Total gross debt	52,982,927
Less: Debt incurred for water activities	
Limited obligation bonds	(8,672,000)
General obligation bonds	(3,404,000)
Notes payable	(1,189,647)
Revenue Bonds	(1,717,000)
Total debt incurred for water activities	(14,982,647)
Total amount of debt applicable to debt limit (net debt)	38,000,280
Bonds authorized but unissued	(885,000)
Notes payable authorized but unissued	(215,000)
Legal debt margin	\$ 216,429,398

Edgecombe County, North Carolina
Employee Health Insurance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2019
Exhibit G-7

	Actual
Revenues	
Health insurance premiums	\$ 4,566,243
Total revenues	4,566,243
Expenditures	
General Government:	
Claims incurred	2,466,333
Prescription benefits	550,256
Claims incurred but not reported	112,134
Administrative costs	1,276,113
Total expenditures	4,404,836
Revenues over (under) expenditures	161,407
Net change in fund balance	161,407
Fund balance, beginning of year	(344,702)
Fund balance, end of year	\$ (183,295)

Edgecombe County, North Carolina
Proprietary Funds – Water and Sewer Districts
Combining Statement of Fund Net Position – By District
June 30, 2019
Exhibit G-8

	Water and Sewer District #1	Water and Sewer District #2	Water and Sewer District #3
Assets			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables, net	-	-	-
Due to from other funds	2,489,302	3,173,440	442,506
Due from other governments	-	-	-
Total current assets	2,489,302	3,173,440	442,506
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets:			
Land and construction in progress	28,292	-	-
Other capital assets	10,942,020	8,502,254	9,109,211
Less accumulated depreciation	(2,522,745)	(2,705,898)	(2,594,248)
Total capital assets	8,447,567	5,796,356	6,514,963
Total noncurrent assets	8,447,567	5,796,356	6,514,963
Total assets	10,936,869	8,969,796	6,957,469
Deferred Outflows of Resources			
Deferred cost of refunding	-	-	-
Pension deferrals	-	-	-
OPEB deferrals	-	-	-
Total deferred outflows of resources	-	-	-
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Customer deposits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Accrued interest	6,779	9,811	1,188
Notes payable - current	17,174	-	-
Revenue bonds payable - current	-	-	-
General obligation bonds payable - current	-	-	-
Limited obligation bonds - current	214,520	80,000	214,280
Total current liabilities	238,473	89,811	215,468
Long-term liabilities:			
Compensated absences	-	-	-
Total OPEB liability	-	-	-
Net pension liability - LGERS	-	-	-
Notes payable	257,608	-	-
Revenue bonds payable	-	-	-
General obligation bonds payable	-	-	-
Premium on bonds	165,940	163,629	91,118
Limited obligations bonds	1,827,280	2,920,000	135,920
Total long-term liabilities	2,250,828	3,083,629	227,038
Total liabilities	2,489,301	3,173,440	442,506
Deferred Inflows of Resources			
Pension deferrals	-	-	-
OPEB deferrals	-	-	-
Total deferred inflows of resources	-	-	-
Net Position			
Net investment in capital assets	5,965,045	2,632,727	6,073,645
Restricted	-	-	-
Unrestricted	2,482,523	3,163,629	441,318
Total net position	\$ 8,447,568	\$ 5,796,356	\$ 6,514,963

Edgecombe County, North Carolina
Proprietary Funds – Water and Sewer Districts
Combining Statement of Fund Net Position – By District
June 30, 2019
Exhibit G-8

Water and Sewer District #4	Water and Sewer District #5	Water and Sewer District #6	Water Districts Capital Projects Funds	Water and Sewer Operations Fund	Eliminations	Total
\$ 1	7,167	\$ -	\$ -	\$ -	\$ -	\$ 7,168
-	-	-	-	780,994	-	780,994
3,412,790	6,014,589	-	-	-	(15,532,627)	-
-	-	-	-	-	-	-
3,412,791	6,021,756	-	-	780,994	(15,532,627)	788,162
-	-	-	109,172	151,742	-	260,914
-	-	23,700	-	51,992	(51,992)	51,992
9,122,714	26,703,790	2,624,624	-	67,004,613	(67,004,613)	67,004,613
(967,170)	(3,244,153)	(1,678,628)	-	(13,712,842)	13,712,842	(13,712,842)
8,155,544	23,459,637	969,696	-	53,343,763	(53,343,763)	53,343,763
8,155,544	23,459,637	969,696	109,172	53,495,505	(53,343,763)	53,604,677
11,568,335	29,481,393	969,696	109,172	54,276,499	(68,876,390)	54,392,839
-	-	-	-	109,000	-	109,000
-	-	-	-	105,869	-	105,869
-	-	-	-	2,002	-	2,002
-	-	-	-	216,871	-	216,871
-	-	-	4,900	56,231	-	61,131
-	-	-	-	100,286	-	100,286
-	-	-	1,612,410	15,532,627	(15,532,627)	1,612,410
-	-	-	-	11,331	-	11,331
8,790	13,878	-	-	-	-	40,446
-	48,735	7,197	-	7,197	(7,197)	73,106
-	33,000	-	-	-	-	33,000
56,000	-	-	-	-	-	56,000
-	80,000	-	-	-	-	588,800
64,790	175,613	7,197	1,617,310	15,707,672	(15,539,824)	2,576,510
-	-	-	-	42,651	-	42,651
-	-	-	-	196,683	-	196,683
-	-	-	-	135,465	-	135,465
-	779,767	79,166	-	79,166	(79,166)	1,116,541
-	1,684,000	-	-	-	-	1,684,000
3,348,000	-	-	-	-	-	3,348,000
-	175,209	-	-	-	-	595,896
-	3,200,000	-	-	-	-	8,083,200
3,348,000	5,838,976	79,166	-	453,965	(79,166)	15,202,436
3,412,790	6,014,589	86,363	1,617,310	16,161,637	(15,618,990)	17,778,946
-	-	-	-	5,568	-	5,568
-	-	-	-	14,539	-	14,539
-	-	-	-	20,107	-	20,107
4,751,544	17,458,926	883,333	-	53,257,400	(53,257,400)	37,765,220
-	-	-	109,172	-	-	109,172
3,404,001	6,007,878	-	(1,617,310)	(14,945,774)	-	(1,063,735)
\$ 8,155,545	\$ 23,466,804	\$ 883,333	\$ (1,508,138)	\$ 38,311,626	\$ (53,257,400)	\$ 36,810,657

Edgecombe County, North Carolina
Proprietary Funds – Water and Sewer Districts
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019
Exhibit G-9

	Water and Sewer District #1	Water and Sewer District #2	Water and Sewer District #3
Operating Revenues			
Charges for services	\$ 1,287,118	\$ 855,376	\$ 442,446
Water taps	97,519	-	-
Sewer taps	100	-	-
Administration fees	-	-	-
Other operating revenues	-	-	-
Total operating revenues	1,384,737	855,376	442,446
Operating Expenses			
Salaries and employee benefits	181,693	120,747	62,457
Water purchases	364,673	242,349	125,356
Water and sewer operations	179,000	118,958	61,531
Sewer costs	137,348	91,277	47,213
Capital outlay	-	-	-
Depreciation	332,692	170,044	182,167
Total operating expenses	1,195,406	743,375	478,724
Operating income (loss)	189,331	112,001	(36,278)
Non-Operating Revenues (Expenses)			
Investment earnings	8,298	7,699	4,943
Interest expense	(94,825)	(126,775)	(25,043)
Gain (loss) on disposal of capital assets	-	-	-
Miscellaneous	-	-	-
Total non-operating revenue (expense)	(86,527)	(119,076)	(20,100)
Income (loss) before transfers and capital contributions	102,804	(7,075)	(56,378)
Transfers in (out)	327,358	206,775	248,083
Capital contributions			
Federal and State grants	-	-	-
Change in net position	430,162	199,700	191,705
Total net position, beginning of year	4,995,938	3,425,018	4,867,217
Restatement	3,021,468	2,171,638	1,456,041
Total net position, beginning of year	8,017,406	5,596,656	6,323,258
Net position, end of year	\$ 8,447,568	\$ 5,796,356	\$ 6,514,963

Edgecombe County, North Carolina
Proprietary Funds – Water and Sewer Districts
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019
Exhibit G-9

Water and Sewer District #4	Water and Sewer District #5	Water and Sewer District #6	Water Districts Capital Projects Funds	Water and Sewer Operations Fund	Eliminations	Total
\$ 181,652	\$ 789,940	\$ 619,847	\$ -	\$ 4,176,379	\$ (4,176,379)	\$ 4,176,379
-	-	-	-	97,519	(97,519)	97,519
-	-	-	-	100	(100)	100
-	-	2,400	-	2,400	(2,400)	2,400
-	-	-	-	14,585	-	14,585
181,652	789,940	622,247	-	4,290,983	(4,276,398)	4,290,983
25,642	111,510	87,499	-	589,548	(589,548)	589,548
51,467	223,810	175,618	-	1,183,273	(1,183,273)	1,183,273
25,262	109,857	86,202	-	580,811	(580,811)	580,811
19,384	84,294	66,144	-	445,659	(445,659)	445,659
-	-	-	-	-	-	-
182,454	461,359	-	-	1,328,716	(1,328,716)	1,328,716
304,209	990,830	415,463	-	4,128,007	(4,128,007)	4,128,007
(122,557)	(200,890)	206,784	-	162,976	(148,391)	162,976
144	8,149	-	2,280	1,692	(29,231)	3,974
(112,418)	(176,736)	-	-	(29,231)	29,231	(535,797)
-	-	-	-	-	-	-
-	-	-	-	20,042	-	20,042
(112,274)	(168,587)	-	2,280	(7,497)	-	(511,781)
(234,831)	(369,477)	206,784	2,280	155,479	(148,391)	(348,805)
167,418	339,453	7,197	(905,239)	(391,045)	-	-
-	-	-	-	-	-	-
(67,413)	(30,024)	213,981	(902,959)	(235,566)	(148,391)	(348,805)
4,899,285	12,535,814	1,423,982	(605,179)	58,449,763	(53,109,010)	36,882,828
3,323,673	10,961,014	(754,630)	-	(19,902,570)	-	276,634
8,222,958	23,496,828	669,352	(605,179)	38,547,193	(53,109,010)	37,159,462
\$ 8,155,545	\$ 23,466,804	\$ 883,333	\$ (1,508,138)	\$ 38,311,627	\$ (53,257,401)	\$ 36,810,657

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Compliance Section

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INDEPENDENT AUDITOR'S 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 Board of County Commissioners
Edgecombe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Edgecombe County's basic financial statements and have issued our report thereon dated December 2, 2020. The financial statements of Edgecombe County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

Our report includes a reference to other auditors who audited the financial statements of the Edgecombe County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been

identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2019-001, 2019-002, and 2019-003).

Compliance and Other Matters

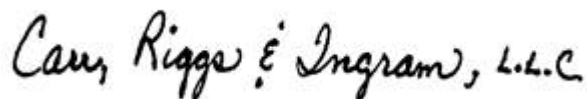
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described on the accompanying schedule of findings and questioned costs as items (2019-4 and 2019-5).

Edgecombe County's Response to Findings

Edgecombe County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in black ink that reads "Cam, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

Goldsboro, North Carolina
December 2, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of County Commissioners
Edgecombe County, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Cam Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 2, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of County Commissioners
Edgecombe County, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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

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

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

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

Cam, Riggs & Ingram, L.L.C.

Goldsboro, North Carolina
December 2, 2020

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? X Yes No

- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? X Yes No

Federal Awards:

Internal control over financial reporting:

- Material weaknesses identified? Yes X No

- Significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to federal awards noted? Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the CFR 2 Uniform Guidance Circular? Yes X No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
-------------	------------------------------------

93.558	Temporary Assistance for Needy Families - TANF Cluster - Work First
93.658	Foster Care Title IV-E / Foster Care Adoption Cluster
93.778	Medicaid Cluster
97.039	Hazard Mitigation Grant Program

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results (continued)

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 750,000

Auditee qualified as a low risk auditee? Yes X No

State Awards:

Internal control over financial reporting:

- Material weaknesses identified? Yes X No

- Significant deficiencies identified that are not considered to be material weaknesses?	Yes	X	None reported
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Noncompliance material to state awards noted? Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? Yes X No

Identification of major state programs:

Program Name

Industrial Development Fund - NC Department of Commerce
Golden LEAF Mega-Site Development Initiative

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Finding 2019-001 Key account reconciliations (repeat finding)

Material Weakness

Criteria: To ensure accurate and timely financial reporting, management must reconcile several key account areas on a routine basis. Reconciling these accounts ensure the general ledger reflects changes in financial conditions and provides accurate reporting. Accurate and timely adjustments to the general ledger from account reconciliations are essential to ensure accurate and timely financial functions can be performed.

Perspective/Condition: Significant key account areas were not reconciled during the June 30, 2019 financial close process. These included the following:

- Bank accounts – The bank statements for the County were not reconciled for the majority of the year until January 2020. As a result, several errors were observed, including improper recording of trust and agency accounts.
- Fire district revenues, receivables, and liabilities – Fire district revenues and receivables were not reconciled and tracked, resulting in overpayment of tax revenue due to certain fire districts.
- Proprietary revenues – Proprietary revenues were not recorded utilizing accrual accounting, but were recorded assuming the current resources available model. Additionally, the reserve for bad debts and bad debt expenses were not recorded for the year ended June 30, 2019.
- Property and equipment – During the year, no capital asset entries were recorded by the County. In addition, the fixed asset ledger, construction in progress, and depreciation schedules were not reconciled to the general ledger. Depreciation expense were observed to have been incorrectly calculated by the accounting system for certain assets, resulting in misstatements.
- Grant revenues – The County does not have a tracking system in place for grant costs and revenues. As a result, grant revenues for the Golden LEAF, NC Public Safety, ESFRLP Housing, and Stream Debris Removal grants were recorded improperly
- Loan proceeds – Upon acquiring seven vehicles utilizing a line of credit, the county did not record the draw-downs on the line of credit.
- Employee Health Insurance Fund – One month of prescription drug claims were not recorded on the fund trial balance.

Effect: The following were noted as a result of the conditions noted above:

- Bank account reconciliations – As a result of the accounts not being reconciled, entries totaling \$582,286 were required to adjust operating accounts, trust and agency accounts, and NC Cash Management Trust account balances.
- Fire district revenues, receivables, and liabilities – The County overpaid the fire districts by \$7,820.
- Proprietary revenues – Proprietary revenues are typically invoiced in arrears. The County had not accrued for water and sewer district revenues invoiced in July 2018 for water and sewer usage in June 2018. As a result, an adjustment of increasing water and sewer district revenues by \$41,195 and receivables by \$326,436 were identified. Additionally, bad debt expense of \$44,069 was not recorded to adjust the allowance for uncollectable debts.
- Property and equipment – Several disposals were not recorded and one significant project placed in service had not been adjusted out of the construction in progress account. Additionally, depreciation was calculated incorrectly over the fiscal year within the fixed asset module of the County's ERP. These issues resulted in adjustments that recorded fixed assets of \$8,660,819, asset disposals of \$223,234,

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

construction in progress of \$3,612,184, accumulated depreciation of \$2,706,899, depreciation expense of \$137,183, and fund balance of \$672,641.

- Grant revenues – Grant revenues and costs were recorded incorrectly for the Golden LEAF Foundation (\$988,734), Stream Debris Removal (\$65,248), Essential Single-Family Rehabilitation Loan Pool (\$36,332), and grants from the North Carolina Department of Public Safety (\$42,931).
- Loan proceeds – The purchase utilizing line of credit proceeds for the eight vehicles referenced above totaled \$112,000, amounts that were not recorded and resulted in adjustments.
- Employee Health Insurance Fund – An adjustment of \$44,000 was recorded to account for the unrecorded prescription drug claims costs.

Cause: The primary financial reporting team within the County had worked for the County for less than a year each at June 30, 2019. Additionally, until late fiscal year 2017, the County had been without a full-time finance director for nearly two years. As a result, several tasks and processes were not maintained and performed.

Recommendation: The County should create a monthly financial close listing, including all key accounts and reconciliations that are required. When processing each financial close, the County should identify the individuals with information necessary to process the close and information needed, and establish a routine timeframe for closing each month. The process should include reconciliation of the items noted above, along with other routine items (e.g. identifying costs for accrual in accounts payable) to ensure all applicable monthly activity is captured by the financial system.

Views of responsible officials: The County agrees with this finding and has set forth a corrective action plan as noted in the following section.

Finding 2019-002 Fund balance and budget stewardship and compliance (repeat finding)

Material Weakness

Criteria: The County is required by State Statute NCGS-159 to maintain a balanced budget ordinance for all funds and ensure all expenditures are within budgets.

Perspective/Condition: Fund balance deficits were noted for the following funds:

- Health Department Fund (for reporting, consolidated with the general fund) – \$1,244,988
- Water District Capital Project Fund – \$398,945
- Community Development Block Grant Fund – \$323,508
- Industrial Sites Development Fund – \$184,709
- Employee Health Insurance Fund – \$183,295
- Fire District Fund – \$7,820

Additionally, expenditures exceeded budgets without subsequent amendments:

- Transfers to Other Funds – General Fund – \$331,360
- Principal Retirement – General Fund – \$136,864
- Fire Districts Fund -- \$84,281
- School Capital Project Fund – \$55,335
- County Administration – General Fund -- \$25,751
- Recreation – General Fund – \$20,514

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

- Communicable Diseases (Health Department) – General Fund – \$10,363
- Finance – General Fund – \$10,261
- Adult Heath (Health Department) – General Fund – \$9,058
- Health Department – General Fund – \$6,857
- Juvenile Crime Prevention – \$4,800
- Gang Violence Prevention – General Fund – \$2,107
- HIV/STD Prevention Risk Reduction Program – General Fund – \$74

Effect: The County was not in compliance with NCGS-159 as a result of the fund balance deficits that were unresolved and budget amendments

Cause: The County was not able to process fund balance transfers or budget amendments as necessary to identify and remedy the fund balance deficits or excess expenditures. As noted in the previous finding, several key accounts were not reconciled on a timely basis, partially resulting in this finding.

Recommendation: In addition to beginning regular and routine account reconciliations performed on a timely basis, the County should use the financial information available to both transfer funding deficits as they arise and process budget amendments as needed. In addition, the County should review the causes of the fund balance deficits that were noted and identify opportunities for improving financial performance. Such activities will both ensure appropriate monitoring of budgetary activities and timely responses to changing financial conditions.

Views of responsible officials: The County agrees with this finding and has set forth a corrective action plan as noted in the following section.

Finding 2019-003 Self-insurance reserves (repeat finding)

Material Weakness

Criteria: The County is required to estimate the self-insurance reserve for claims received but not incurred (IBNR) at each reporting period. The estimate should be performed on an actuarial basis to project future claim payments.

Perspective/Condition: The County's recorded IBNR at June 30, 2019 was performed by a third party benefits specialist but was not performed on an actuarial basis or by an actuary.

Effect: The County's IBNR does not take into account actuarial actors in its estimation, but is based on a multiple of the prior two months' claim payments. As such, the estimate may not reflect the County's actual exposure to future claim payments.

Cause: The County had reached out to an actuarial firm to perform the actuarial analysis on the self-insurance fund reserve. The actuarial firm did not perform the analysis, and CRI noted the County did not pay any fees for the services that were not provided.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Recommendation: The County should notify an actuarial firm in advance of the need for the 2019 actuarial analysis and provide the required supporting documentation as early as possible to facilitate performance and completion of the actuarial study in a timely manner.

Views of responsible officials: The County agrees with this finding and has set forth a corrective action plan as noted in the following section.

Finding 2019-004 Bond covenant compliance (repeat finding)

Control Deficiency (Not a material weakness or significant deficiency)

Criteria: The County is responsible for maintaining compliance over financial covenants included on its applicable debt obligations. The County is obligated on revenue bonds with the United States Department of Agriculture (USDA) for Water District 5 requiring the County to maintain minimum bond funding levels in a debt service escrow.

Perspective/Condition: Though the County maintained restricted cash for servicing the USDA revenue bonds, the County had not maintained these funds in a separate bond escrow fund for service during the year ended June 30, 2019. The County created a separate bond escrow fund in July 2019 to address this condition.

Effect: The County was not in compliance with its debt service covenants associated with the revenue bonds. The USDA waived the event of non-compliance once the bond escrow fund was created by the County in July 2019.

Cause: In May and June of 2019, the County was in discussions with the USDA regarding the compliance requirements applicable to its revenue bonds for District 5. As a part of these discussions, the County's need for a bond escrow fund was discussed.

Recommendation: As the bond escrow fund was created, the County should develop a process for ensuring it has a full understanding of applicable compliance requirements of all debt agreements and is actively managing compliance going forward.

Views of responsible officials: The County agree with the finding and has set forth a corrective action plan as noted in the following section.

Finding 2019-005 Information technology (repeat finding)

Control Deficiency (Not a material weakness or significant deficiency)

Criteria: The County is responsible for maintaining control over information technology (IT) assets, including control over network security, user access, change management, and operations and availability.

Perspective/Condition: During our audit, we noted the County did not document the results of disaster recovery tests that had been performed.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Effect: Though no unauthorized access or data loss instances were noted during the period, the County is exposed to potential risk arising for these areas without strong IT controls.

Cause: The County had not previously maintained controls over these processes previously. After obtaining an IT risk assessment in fiscal year 2018, the IT Director has begun making changes to the County's IT environment, but has not completed the process in all areas.

Recommendation: We recommend the following:

- The County should establish a formalized process for requesting, authorizing, and granting access for users on the County network. The County should incorporate role-based access when able to ensure users are only granted access to information they need.
- The County should activate password complexity parameters to harden access controls over the noted systems.
- The County should begin documenting the results of disaster recovery testing for reporting purposes and to improve disaster recovery capabilities going forward.

Views of responsible officials: The County agrees with this finding and has set forth a corrective action plan as noted in the following section.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.



Corrective Action Plan FY-19 Audit
December 2, 2020

Section II - Financial Statement Findings

Finding 2019-001 Key Account Reconciliations

Name of the responsible official: Katherine Walters, Finance Director

Corrective action: Our Finance Director has been focusing on making critical process and procedure changes to address weaknesses in internal controls. This includes bringing in new staff to increase the departments capacity, as well as a realignment of some duties among existing staff to increase efficiency while maintaining proper separation of duties. This includes:

- Adding a new position to the Finance Department. The primary function of the Grant Administrator/Accountant is to perform account reconciliations, track grant projects, and serve as a back-up for other key functions in the Finance Department.
- Our Finance Director has realigned some duties among her staff for more efficiency while also maintaining proper separation of duties. Our Accounts Payable Technician is now managing fixed assets. Our A/R functions are now split between two staff members; one receives money brought in from various departments and prepares the daily deposit slips. The other records those and electronic receivables in our accounting system.
- We have selected another auditing firm who will do our FY-20 audit. That has allowed us into another agreement with Carr, Riggs, and Ingram to provide consultative services instead. CRI will work with our Finance Director and staff to address key improvements needed in our financial management, as well as prepare our financial statements for the FY-20 audit.

Proposed Completion: June 30, 2021

Finding 2019-002 Fund Balance and budget stewardship and compliance

Name of the responsible official: Katherine Walters, Finance Director

Corrective action: The County concurs and is monitoring budget amendments more closely to ensure that amendments are balanced and will also monitor monthly financial reports to verify that all funds have a balanced budget, and that budget amendments are properly and timely recorded. The newly hired Grant Administrator/Accountant will assist with monitoring key accounts and funds.

Proposed Completion: June 30, 2021



Finding 2019-003 Self-insurance reserves

Name of the responsible official: Katherine Walters, Finance Director

Corrective action: The County has already engaged with an actuarial firm to perform the analysis. We are using that estimate to set up and appropriately fund a budget for this reserve.

Proposed Completion: January 30, 2021

Finding 2019-004 Bond Covenant compliance

Name of the responsible official: Mike Matthews, Utilities Director

Corrective action: The County has already appropriated funds to meet the minimum debt service escrow requirement. We have also gotten agreement from USDA-Rural Development staff that this bond covenant is no longer necessary. They are working on preparing the necessary documents to remove that covenant.

Proposed Completion: February 28, 2021

Finding 2019-005 Information Technology

Name of the responsible official: Tabetha Summerlin, Chief Information Officer

Corrective action: Per an IT Risk Assessment completed in FY 2018, and a subsequent one completed in January of 2020, the County's Chief Information Officer has implemented a number of key controls and protocols to improve IT security. These include new password complexity parameters and regular password update requirements; a new process to approve and grant access to the County's network; data security training that is now required for all staff using the county's network; the creation and deployment of an Acceptable Use Policy; and server rooms now under electronically restricted keyed access. We have also recently hired a company to develop a data breach response plan, which will be added to the County's disaster response plan.

Proposed Completion: April 30, 2021

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

Respectfully submitted,

Eric Evans, County Manger

Edgecombe County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

Finding 2018-001 Key Account Reconciliations (repeat finding)

Summary: Management had not reconciled several key account balances on a timely basis.

Status: The County has not corrected this finding. See finding 2019-001.

Finding 2018-002 Expenditures over budget (repeat finding)

Summary: Expenditures over budgets were noted for expenditure items in the School Capital Project Fund, Water and Sewer Fund, Fire Districts Fund, Home Community Care Block Grant Fund, Economic Development Department (within the General Fund), and Debt Service Fund (within the General Fund).

Status: The County has not corrected this finding. See finding 2019-002.

Finding 2018-003 Self Insurance Reserves (repeat finding)

Summary: The IBNR reserve liability for the County has not determined on an actuarial basis or evaluated by an actuary.

Status: The County has not corrected this finding. See finding 2019-003.

Finding 2018-004 Bond Debt Covenants (repeat finding)

Summary: The County is required to meet financial covenants for revenue bonds issued in 2011, including maintaining a debt service coverage ratio of 1.10 or greater.

Status: The County has not corrected this finding. See finding 2019-004.

Finding 2018-005 Information Technology (repeat finding)

Summary: The following were noted when testing IT general controls:

- An IT security policy defining roles and responsibilities of IT and users was not in place.
- A regular review of access rights to significant IT systems and applications was not performed.
- A system for tracking and managing system updates and patches was not in place.
- A visitor log was not in place or monitored to track access to the County's server room.

Status: The County has partially corrected this finding. See Finding 2019-005 for additional information.

Edgecombe County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Federal Awards:					
U.S. Department of Agriculture					
<u>Food and Nutrition Program:</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561		\$ 614,691	\$ -	\$ -
Total SNAP Cluster			614,691	-	-
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants and Children - Administration	10.557		318,205	-	-
Total Division of Public Health			318,205	-	-
Passed-through N.C. Rural Economic Development Center:					
Water and Waste Program Cluster					
Water and Waste Disposal Systems for Rural Communities -Loan	10.770		719,716	-	-
Total N.C. Rural Economic Development Center			719,716	-	-
Total U.S. Department of Agriculture			1,652,612	-	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
U.S. Department of Justice					
Federal Drug Forfeiture Program	16.000		\$ 20,841	\$ -	\$ -
Total U.S. Department of Justice			20,841	-	-
U.S. Department of Housing and Urban Development					
Passed-through N.C. Department of Commerce:					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
Speed Sewer line	14.228	14-I-2654	165,564	-	-
Passed-through N.C. Housing Finance Agency					
Home Investment Partnership Program					
2016 Single Family Rehabilitation Loan Pool	14.239		186,447	-	-
Total U.S. Department of Housing and Urban Development			352,011	-	-
U.S. Department of Transportation					
Passed-through N.C. Department of Public Safety					
Interagency Hazardous Materials Public Sector					
Training and Planning Grants	20.703		15,136	3,784	-
Total U.S. Department of Transportation			15,136	3,784	-
U.S. Department of Homeland Security					
Passed-through N.C. Department of Public Safety					
Division of Emergency Management					
Hazard Mitigation Grant	97.039		756,217	252,073	
Emergency Management Performance Grants	97.042		19,262	19,262	-
Total U.S. Department of Transportation			775,479	271,335	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
U.S. Department of Health & Human Services					
Division of Social Services:					
Temporary Assistance for Needy Families Cluster					
Temporary Assistance for Needy Families (TANF) / Work First Admin	93.558		\$ 131,868	\$ -	\$ -
Temporary Assistance for Needy Families (TANF) / Work First Service	93.558		992,132	-	-
Division of Public Health					
Temporary Assistance for Needy Families	93.558		21,187	-	-
Total TANF Cluster			1,145,187	-	-
Foster Care and Adoption Cluster (Note 4)					
Title IV-E Foster Care - Administration	93.658		123,484	-	-
Title IV-E Child Protection Services	93.658		104,218	49,038	-
Foster Care Title IV-E - Max Direct Benefit Payment	93.658		147	-	-
Foster Care Title IV-E - Direct Benefit Payment	93.658		126,201	38,304	-
Foster Care In Excess Title IV-E - Direct Benefit Payment	93.658		73,013	19,029	-
Title IV-E Admin County Paid To Foster Care	93.658		4,028	1,236	-
Title IV-E Admin State Paid To Foster Care	93.658		99,996	-	-
Total Foster Care and Adoption Cluster (Note 4)			531,087	107,607	-
Adoption Assistance - Administration Training	93.659		17,413	-	-
Child Support Enforcement IV-D Administration	93.563		1,144,082	-	-
Promoting Safe and Stable Families	93.556		8,868	-	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		\$ 1,346	\$ -	\$ -
Low-Income Home Energy Assistance Administration	93.568		70,890	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		487,101	-	-
Crisis Intervention Payments	93.568		446,140	-	-
Total Low-Income Home Energy Assistance			1,004,131	-	-
Stephanie Tubbs Jones Child Welfare Services Program Permanency Planning - Families for Kids	93.645		12,821	-	-
Social Services Block Grant (SSBG) Other Services and Training	93.667		389,339	-	-
Division of Aging and Adult Services:					
Social Services Block Grant (SSBG) Adult Day Care	93.667		13,248	11,532	-
Social Services Block Grant (SSBG) Adult Protective Services	93.667		14,559	-	-
Social Services Block Grant (SSBG) In-Home Services Fund	93.667		8,593	-	-
Social Services Block Grant (SSBG) In-Home Services over 60	93.667		10,097	-	-
Total Social Service Block Grant (SSBG) - In Home Services			435,836	11,532	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood					
Independent Living Transitional Program	93.674		3,622	-	-
Links	93.674		13,486	3,371	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood			17,108	3,371	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Administration for Children and Families					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596		\$ 110,005	\$ -	\$ -
Total Child Care Development Fund Cluster			110,005	-	-
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration - Medical Assistance Program	93.778		1,996,977	8,846	-
Total Medical Assistance Program - Medicaid Cluster			1,996,977	8,846	-
Division of Social Services:					
Children's Insurance Program - NC Health Choice - Administration	93.767		26,587	-	-
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health					
Hospital Preparedness Program (HPP) and Public Health					
Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		27,082	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116		28,383	-	-
Family Planning Services	93.217		39,569	-	-
Immunization Cooperative Agreements	93.268		22,918	-	-
Teenage Pregnancy Prevention Program - Project Reach	93.297		164,471	-	-
Preventive Health and Health Services Block Grant funded solely					
with Prevention and Public Health Funds (PPHF)	93.758		1,541	-	-
Cancer Prevention and Control Programs for State,					
Territorial and Tribal Organizations	93.898		3,570	-	-
Healthy Start Initiative	93.926		97,050	-	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Preventive Health and Health Services Block Grant	93.926		\$ 40,797	\$ -	\$ -
Maternal and Child Health Services Block Grant	93.991		156,059	5,922	-
Total Passed-through N.C. Department of Health and Human Services:			581,440	5,922	-
Total U.S. Department of Health and Human Services:			7,032,888	137,278	-
Total Federal Awards			\$ 9,848,967	\$ 412,397	\$ -
State Awards:					
N.C. Department of Agriculture					
Stream Debris Removal			\$ -	\$ 204,736	\$ -
Total N.C. Department of Agriculture			-	204,736	-
N.C. Department of Commerce					
Industrial Development Fund			-	1,618,446	-
Total N.C. Department of Commerce			-	1,618,446	-
N.C. Department of Health and Human Services					
Division of Social Services:					
State/County Special Assistance:					
State Foster Care Benefits			-	30,520	-
State Child Welfare / Child Protection Services			-	79,127	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Energy Assistance Private Grant			\$ -	\$ 10,479	\$ -
AFDC Incentive / Program Integrity			-	1,026	-
SFHF Maximization			-	19,630	-
SAA/SAD HB 1030			-	22,933	-
Total Division of Social Services			-	163,715	-
Division of Public Health					
CHA/CHIP Peer Review			-	166,792	-
Public Health Nursing			-	1,200	-
General Communicable Disease Control			-	7,367	-
Breast and Cervical Cancer Program			-	2,550	-
Child Health			-	12,743	-
HMHC - Family Planning			-	67,543	-
Maternal Health (HMHC)			-	62,949	-
Women's Health Service Fund			-	9,860	-
HIV / STD SSBG Aid			-	500	-
Sexually Transmitted Diseases			-	1,217	-
School Nurse Funding Initiative			-	250,000	-
Integrated Targeted Testing Services			-	105,000	-
Healthy Communities Activities			-	4,137	-
Tuberculosis			-	50,213	-
TB Medical Service			-	2,968	-
Total Division of Public Health			-	745,039	-
Total N.C. Department of Health and Human Services			-	908,754	-

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019
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Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
N.C. Housing Finance Agency					
Housing Trust Fund:					
Urgent Repair Program			\$ -	\$ 26,901	\$ -
Single Family Rehabilitation Loan Pool - DR			-	47,735	-
Total N.C. Housing Finance Agency			-	74,636	-
N.C. Department of Transportation					
Rural Operating Assistance Program (ROAP) Cluster					
ROAP - Elderly and Disabled Transportation Assistance Program			-	76,740	-
ROAP - Rural General Public Program			-	72,157	-
ROAP - Work First Transitional Employment			-	17,310	-
Total ROAP Cluster			-	166,207	-
N.C. Department of Public Safety					
CBA Youth Services			-	223,181	-
Total NC Department of Public Safety			-	223,181	-
Golden LEAF Foundation					
Passed through Carolinas Gateway Partnership:					
Kingsboro Mega-Site Infrastructure Project			-	3,126,057	-
Total Gold LEAF Foundation			-	3,126,057	-
Total State awards			-	6,322,017	-
Total Federal and State awards			\$ 9,848,967	\$ 6,734,414	\$ -

Edgecombe County, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Edgecombe County has elected not to utilize the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – LOANS OUTSTANDING

Edgecombe County had loan balances outstanding at June 30, 2019 relating to the USDA Waste and Waste Disposal Systems for Rural Communities. The grantor has not imposed continuing compliance requirements other than repayment of the loan. As prescribed by the Uniform Guidance, Edgecombe County shall consider current year amounts expended under these loans for inclusion within the schedule of expenditures of federal and state awards. Edgecombe County also had loan balances outstanding at June 30, 2019 relating to the Clean Water and Drinking Water State Revolving Funds. These loan balances are not considered to be federal expenditures because the loans are payable to the State, not the Federal agency. Therefore, the amount presented within the schedule of expenditures of federal and state awards represents current year expenditures whereas the following table consists of the loan outstanding at June 30, 2019:

Description	CFDA Number	Balance Outstanding
Clean Water State Revolving Fund Loan	66.458	\$828,502
Drinking Water State Revolving Fund Loan	66.468	274,782
Drinking Water ARRA State Revolving Fund Loan	66.468	86,363
Waste and Waste Disposal Systems for Rural Communities Loan	10.770	651,000
Water and Waste Disposal Systems for Rural Communities Loan	10.770	101,000
Water and Waste Disposal Systems for Rural Communities Loan	10.770	386,000

Edgecombe County, North Carolina
Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

NOTE 4 – PROGRAM CLUSTERS

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

- Subsidized Child Care
- Foster Care and Adoption

NOTE 5 – FEDERAL FUNDED INSURANCE

Edgecombe County has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

Edgecombe County did not receive any federal noncash assistance for the fiscal year ended June 30, 2019.

NOTE 7 – CONTINGENCIES

Grant monies received and disbursed by Edgecombe County are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Edgecombe County does not believe that such disallowance, if any, would have a material effect on the financial position of Edgecombe County.

NOTE 8 – FEDERAL PASS-THROUGH FUNDS

Edgecombe County is also the sub-recipient of federal funds that have been subjected to testing and are reported as expenditures and listed as federal pass-through funds. Federal awards other than those indicated as pass-through are considered to be direct.

NOTE 9 – SUBRECIPIENTS

Of the federal and state expenditures presented in the schedule, Edgecombe County, North Carolina did not provide awards to subrecipients during the fiscal year ended June 30, 2019.

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