

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

Prepared by:
Office of Budget and Finance

Submitted by:
Mary W. Duncan
Finance Director

HALIFAX COUNTY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION



State of North Carolina County of Halifax

TONY N. BROWN
COUNTY MANAGER

HISTORIC COURTHOUSE ~ PO BOX 38 ~ KING STREET ~ HALIFAX, NC 27839
252-583-1131 ~ FAX: 252-583-9921

January 22, 2020

Board of County Commissioners
and the Citizens of Halifax County

We are pleased to present the comprehensive annual financial report (CAFR) of Halifax County, North Carolina, for the fiscal year ended June 30, 2019. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Mauldin & Jenkins, CPAs. Their unmodified opinion is included in the basic financial statements. Halifax County however, is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe that the data, as presented, is accurate in all material aspects; that they are presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

Halifax County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, U. S. Office of Management and Budget Uniform Guidance, and the State Single Audit Implementation Act. Information related to this single audit, including the schedule of expenditures of federal and state awards, the auditors' report on the internal control structure and compliance with applicable laws and regulations are included in the compliance section of this report.

The financial reporting entity includes all the funds of the primary government (Halifax County), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable.

The Halifax County ABC Board and the Halifax County Tourism Development Authority are component units of Halifax County and are corporate bodies with powers outlined by North Carolina General Statute 18B-701. The Board of Commissioners appoints some members of the ABC, Tourism Authority and Airport Authority Boards.

The ABC Board is required by state statute to distribute its surpluses to the General Funds of the County, cities and towns in which it operates that represent a financial benefit to those entities. Since Halifax County receives 75% of the distributions and appoints the entire Board, the Halifax County ABC Board is reported as a discretely presented component unit in the County's financial statements.

The Halifax County Tourism Development Authority is required by state law to spend the "net proceeds" of occupancy tax funds remitted to it to promote travel and tourism in Halifax County and to finance tourist related capital projects in Halifax County. The Halifax County Tourism Development Authority receives 97% of the occupancy tax collected in Halifax County and the Halifax County Board of Commissioners appoints its entire board. The

Where the Spirit of Independence Was Born

Tourism Development Authority is reported as a discretely presented component unit in the County's financial statements.

Description of the County

Halifax County was chartered by the North Carolina General Assembly in 1758. The residents of the parish of Edgecombe petitioned for the formation of a new county composed of all the territory of Edgecombe County north of Fishing Creek and Rainbow Banks on the Roanoke River.

The County was named by Governor Dobbs for Charles Montague, Earl of Halifax. The Town of Halifax, the County seat, was founded in 1760. From 1776-1782 Halifax served as the center of the North Carolina State Government. On April 12, 1776, the provincial congress of North Carolina adopted the "Halifax Resolves" which was the first official Declaration of Independence by a colony.

Halifax County is located in northeastern North Carolina in the upper coastal plains, halfway between New York and Florida. It is the fourteenth largest county in North Carolina and covers an area of 731 square miles. Interstate 95 and US Highway 301, oriented north and south, split the county in the middle. US Highway 158 is near the northern boundary and orients east and west. US Highway 258 is oriented north and south through the county on the eastern side. CSX Railroad parallels the path of US Highway 301.

The most recent census reports Halifax County's population at 50,574. There are seven municipalities in Halifax County, the largest being Roanoke Rapids with a population of 14,787.

The County also appropriates funding for certain boards, agencies and commissions to assist their efforts in serving citizens. Among these are the Halifax County Board of Education, the Weldon City Board of Education, the Roanoke Rapids Graded School District, Halifax Community College, and the Upper Coastal Plain Council of Governments. Because County allocations do not constitute a major portion of their revenues and the County has no authority to designate their management, none of these organizations have been included in this report.

Economic Conditions and Outlook

Improving the quality-of-life for its citizens is a major goal for the Halifax County Board of Commissioners. Continued investments in infrastructure and site development are paying dividends in new commercial and industrial opportunities, higher wage jobs, diversification of the local employment base, and increased economic activity. Agriculture, tourism, and industry are the major economic drivers for Halifax County. Halifax County ranks #1 in cotton and #3 in peanut production. Halifax County's location along the Interstate 95 corridor is a major driver for commerce and tourism, for which tourism related revenues exceeded \$100 million in 2018.

Halifax County is experiencing improvement in the economy although at a slower rate than the metropolitan areas of North Carolina. The County's unemployment rate continues to

decline. The County's average unemployment rate for fiscal year 2018-2019 was 6.6% compared to 6.5% in fiscal year 2017-2018. The number of persons employed increased from 19,045 in 2018 to \$19,236 as of June 2019. Gross retail sales grew by 12.1%, increasing from \$515,454,495 in fiscal year 2018 to \$577,953,136 another indicator of an economic growth. New home construction doubled in 2019, increasing from \$3.9 million to \$6.7 million.

In Fiscal Year 2018-2019, Halifax County experienced several corporate announcements with existing companies expanding as well as new businesses and industries locating. Our local economy continues to see diverse job opportunities. Positive consumer confidence, combined with increased business and industry activity, has resulted in increased sales tax revenue compared to prior year levels. This trend is expected to continue into the future.

Recent Initiatives

For the third year in a row, Site Selection Magazine named the Roanoke Rapids Micropolitan Area as one of the Top 100 micropolitans in the US; receiving an overall ranking of #44 based on the number of new and expanding economic development projects.

Major industrial activities include:

- JBB Packaging, LLC will create 50 jobs and invest \$11.9 million at the Becker Industrial Park, near Weldon.
- Don Pancho Authentic Mexican Foods initiated an expansion of its production operations in Halifax County, with an investment of \$7 million and the creation of 79 new jobs.
- Airboss Rubber Solutions is expanding its manufacturing operations in Scotland Neck, adding 42 additional jobs and \$5.8 million investment.
- Enfield Timber completed renovation of the former Quality Forest facility near Enfield, creating 32 new jobs and investing \$1,800,000 in building and equipment.

Major commercial projects completed in 2019, include:

- Windsor Commercial's four-unit retail complex at Premier Boulevard that will house Jersey Mike's, Mattress Warehouse, Great Clips and an additional retail store.
- DrugCo Pharmacy opened a second location and Sonic Drive-In completed a major demolition/reconstruction project on Tenth Street in Roanoke Rapids.
- The Weldon Mills Distillery completed renovation of the Weldon Grist Mill and opened its doors in May.

- Littleton is undergoing a renaissance supported by a private investor that has purchased six vacant buildings in downtown Littleton for redevelopment of a restaurant, craft brewery, and other retail businesses.
- Littleton Food & Spirits opened near Littleton offering expanded restaurant and banquet facilities.
- Community revitalization activities are underway in the Towns of Scotland Neck, Halifax, Hobgood and the City of Roanoke Rapids.
- Halifax Regional Medical Center merged with Vidant Health connecting patients and communities to broader health care options and increasing access to specialized health care. Halifax Regional/Vidant plans approximately \$30 million in capital investments to improve health care delivery for Halifax and the surrounding area.

The Halifax-Northampton Regional Airport, a partnership between Halifax County, Northampton County, and the City of Roanoke Rapids, continues to increase in use by military as a training ground and pilots as a resting point. Fuel sales increased more than 40% in fiscal year 2019.

Halifax County Public Utilities has contracted for the construction of the final cover and closure for the Coal Ash Monofill and the Construction and Demolition (C&D) Landfill. The project also includes the construction of a new C&D Landfill. The cost for these construction projects is \$2.97 million. Work is in progress and the projected completion will be the Fall of 2019.

The Water Division installed a new tank mixer in the S.E. High School Elevated Tank in order to improve water quality. An ongoing meter replacement program has been effective in reducing the number of manual reads from over 800 to less than 500.

The County secured a long-term lease with the State of North Carolina to renovate, promote and operate the Joseph Montfort Amphitheater, near the state Historic Halifax site. A grant in the amount of \$150,000 was obtained for architectural design. Schematics have been presented to and accepted by the committee and Board of Commissioners. The next step is to seek funding for the construction of the design.

The County has been focusing on information technology efforts in the last year. Remote wireless connection points were established in the historic courthouse as well as court services building to enhance access to the internet. VOIP, Voice Over Internet Provider, telephone service, Phase 4 will complete the transition by connecting the Halifax Library main branch and Ag Center/Cooperative Extension building; this was completed by December 31, 2019.

Roanoke Rapids Graded School District's Manning Elementary replacement project is approximately 99% complete with only minor landscaping touches remaining. The project was successfully completed under budget. Surplus construction funds, as well as some Lottery funds, were used which allowed for two adjacent properties to be purchased that added approximately 50 additional parking spots.

The 4H Rural Life Center underwent a much-needed renovation with funds obtained from Kate B. Reynolds Charitable Trust, PARTF and Dominion Power. New playground equipment, multi-purpose tennis/basketball/pickleball courts and a 9-hole disc golf course was added along with a 1-acre pond for fishing. The dedication was held September 29, 2018 with representatives from several state agencies participating in the ceremony.

The County provided the three public school systems with \$5,665,024 in current expense and \$4,239,949 in capital outlay funds. Halifax Community College received \$1,187,851 in operating funds and \$255,027 in capital outlay funds. In addition, debt service payments were made on QSCB projects for the Roanoke Rapids Graded School District and the Weldon City School District.

Future Initiatives

The Halifax County Economic Development Commission (HCEDC), the County's industrial recruitment arm and liaison with local industry, is the lead economic development agency in Halifax County and promotes and markets the area to new and existing industrial opportunities. The EDC also partners with the Economic Development Partnership of North Carolina, NC Department of Commerce, local utilities and other industrial allies to retain existing industries, promote expansion opportunities and to locate new industrial development in the County. Upcoming projects are:

- Major transportation improvements are under construction to enhance commercial development including the extension of Premier Boulevard to NC Highway 125, multi-laning of NC Highway 125 from Old Farm Road in Roanoke Rapids to Exit 171.
- Halifax County is spearheading a study of the development potential for Exit 171 and the with the connection of Exits 171 and Exit 173, marketing and branding activities as I-95's "super exit."
- Halifax County continues to work with the Town of Weldon, NC Department of Transportation and Amtrak in support of passenger rail service in Weldon. A ridership and revenue study is underway to support the location of a rail stop and station at this location.
- Continued marketing of the Halifax Corporate Park for new and expanding business locations.
- Completion of final studies required for the former WestPoint Stevens manufacturing site and buildings for designation as "Ready for Reuse" under the NC Brownfields Program.

The Solid Waste Division continues to transition from disposal to more transfer of waste. In two years, the debt service will be retired on the Transfer Station. This will allow more competitive rates which may result in increased customers and more revenue. Increased maintenance of Convenience Center sites is planned to address building and site conditions.

The Water Division will continue to focus on improving water quality for our customers by adding tank mixers when appropriate and other system improvements such as remotely adjustable chlorine pumps. Grants and Loans through the NCDEQ division of Water Infrastructure will be pursued to defray cost for these improvements.

Finally, Standard & Poor's affirmed Halifax County's A+ bond rating, citing a stable residential tax base along with strong wealth per capita, a very strong financial position, and low overall debt.

Financial Information

In government, much more than in business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the governing body, creates a legal limit on spending authorizations. For Halifax County, appropriations in all funds are formally budgeted at the departmental level or project level. However, for internal accounting purposes, budgetary control is maintained by object class (line account). Purchase orders that would create an over-encumbrance at that level are not written until additional appropriations are available. Encumbrances are liquidated at year end; however, encumbrances generally are re-appropriated as part of the following year's budget and are reported as assignments of fund balance.

The County, because of population, is required by North Carolina General Statute 159-26(d) to use an encumbrance system.

In accordance with state law, the County's budget is prepared on the modified accrual basis; its accounting records also are maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for un-matured principal and interest on long-term debt and certain compensated absences.

Governmental Fund types, such as the County's General Fund, Special Revenue Funds, Capital Project Funds, and Agency Funds are reported on the modified accrual basis in the financial statements. The County's Enterprise Funds are reported on the full accrual basis in the financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. As a part of the County's single

audit (discussed in more detail in a later paragraph), the independent auditor considered the County's internal control structure. The procedures performed by the independent auditor identified two material weaknesses in the County's internal controls.

The Management's Discussion and Analysis, located in the Financial Section, contains highlights of the County's financial status as well as descriptions of the various fund types and financial statements.

Single Audit

As a recipient of federal and state financial assistance, the County is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of the County's single audit, described above, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the County complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended June 30, 2019, provided no instances of material weaknesses in internal control structure or significant violations of applicable laws and regulations.

Enterprise Operations

The Water/Wastewater Division is responsible for providing safe drinking water to approximately 20,250 rural county residents, and for the collection and disposal of wastewater from approximately 1,100 rural county residents. The Water Division is funded through water and wastewater charges. Rates are adjusted annually to ensure that funds are available for repayment of debt and for daily operations and maintenance.

The Solid Waste Division is responsible for collection and disposal of household garbage and recyclables for approximately 14,300 households through a contract with Unity of the Carolinas. The Solid Waste Division operates one county owned centrally located C&D landfill, a transfer station for MSW, and seven manned convenience sites located strategically throughout the County for use by residents to dispose of furniture, yard waste, appliances, electronics, and tires. The Division is funded through annual solid waste fees and tipping fees which are adjusted annually. Tipping fees are charged to each commercial client at the landfill and County transfer station.

Halifax County's enterprise operations are comprised of one department with two separate and distinct divisions: Water/Wastewater Division and Solid Waste Division. Except for administrative staff, each division has a separate staff and budget and operates independently from the other.

OTHER INFORMATION

Independent Audit

North Carolina General Statutes require each unit of local government to have its accounts audited annually by an independent certified public accountant. The accounting firm of Mauldin & Jenkins, CPA located in Atlanta, Georgia was selected by the Board of Commissioners after audit request for proposals were submitted.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Uniform Guidance along with the State Single Audit Implementation Act. The auditors' report on the General-Purpose Financial Statements is included in the Financial Section of this report. The auditors' reports related specifically to the single audit are included in the Compliance Section.

Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Halifax County for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the nineteenth consecutive year Halifax County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Office Staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the Board of Commissioners for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,



Tony N. Brown
County Manager



Mary W. Duncan
Finance Director



Government Finance Officers Association

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

Presented to

**Halifax County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

Halifax County, North Carolina

LIST OF PRINCIPAL OFFICIALS

June 30, 2019

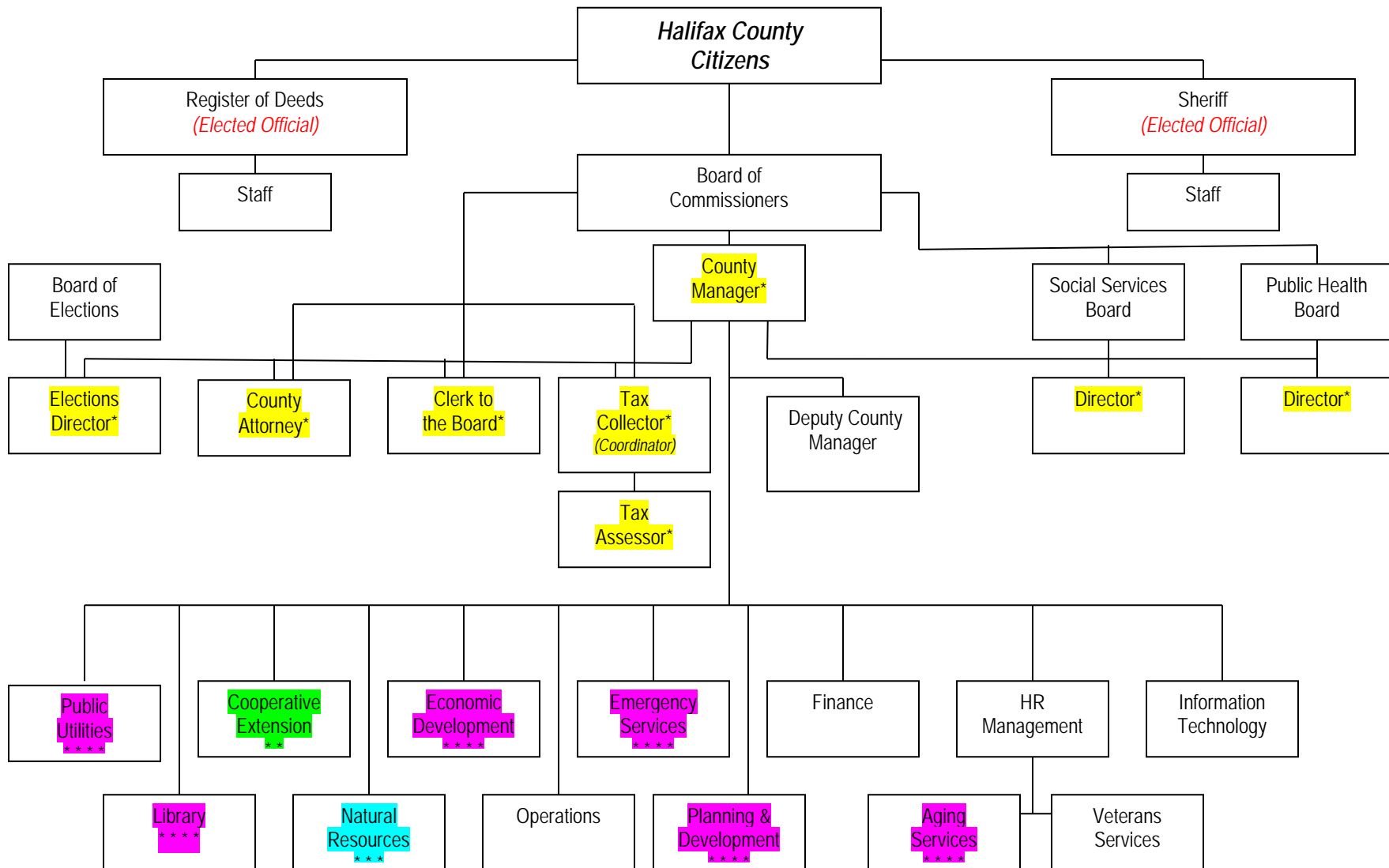
Board of Commissioners

Vernon J. Bryant, Chairman
J. Rives Manning, Jr., Vice-Chairman
Linda A. Brewer
Carolyn C. Johnson
Marcelle O. Smith
T. Patrick W. Qualls

Administrative Officials

Tony N. Brown, County Manager
Dia H. Denton, Deputy County Manager
Mary W. Duncan, Finance Director
Christie C. Avens, Register of Deeds
S. Wesley Tripp, Jr, Sheriff
Bruce L. Robistow, Director of Health Services
Dora A. Carter, Director of Social Services
Virginia N. Orvedahl, Director of Library

Organizational Chart ~ Halifax County North Carolina
June 30, 2019



*Reports to a Governing Board
 **Director is a State Employee (NCSU)
 ***Director is a Federal Employee
 ****Coordinates with an Advisory Board

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Members of the Board of Commissioners
Halifax County, North Carolina**

Report on the Financial Statements

We have audited the accompanying 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 **Halifax 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 the Halifax County ABC Board, which represents 71%, 66%, and 85% of the assets, net position, and revenues of the discretely presented component units. Those 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 Halifax 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 the Halifax County ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, based on our audit and the report of the other auditors, 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 aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of Halifax County, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the County's Total OPEB Liability and Related Ratios – OPEB Plan, the County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, and the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, on pages 4-14, 74, 75, 76, 78, 79, 80, and 81, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, the schedule of expenditures of federal and state awards as required 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, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020 on our consideration of the 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 22, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis is designed to provide an objective and easy to read analysis of Halifax County, North Carolina’s (the “County”), financial activities for the fiscal year ended June 30, 2019. It is intended to provide a broad overview using a short-term and long-term analysis of the County’s activities based on information presented in the financial report and fiscal policies that have been adopted by the Board of County Commissioners.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of Halifax County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,527,193. The County’s net position of governmental activities exhibited an increase of \$4,415,572 with the business-type activities showing a decrease of \$5,254,489 resulting in the government’s total net position decreasing by \$838,917.

As of the close of the current fiscal year, Halifax County’s governmental funds reported combined ending fund balances of \$37,252,626 after a net increase of \$2,838,457. Approximately 56% of this total amount, or \$21,021,482, is restricted or non-spendable.

The County’s unassigned fund balance for the General Fund was \$13,701,295, or 23.2%, of net General Fund expenditures and transfers at the close of the current fiscal year.

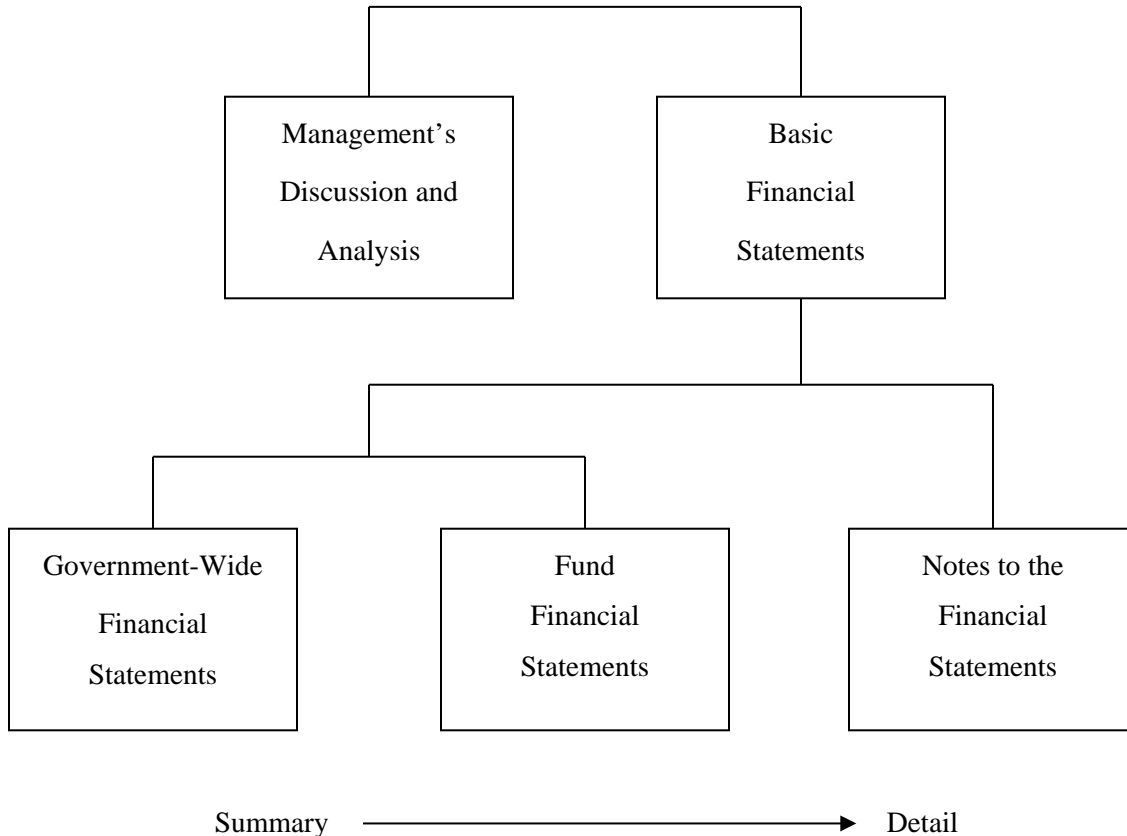
The County holds an A+ bond rating from Standard and Poor’s effective as of June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management’s Discussion and Analysis is intended to serve as an introduction to the County’s Comprehensive Annual Financial Report (CAFR). The CAFR contains the basic financial statements, which include three components: government-wide financial statements, fund financial statements, and notes to the financial statements. The report also contains the statistical section, single audit, and other supplementary information in addition to the basic financial statements; these will assist the reader’s understanding of the fiscal condition of the County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

The first section of the basic financial statements is the **Government-Wide Financial Statements**, which provide both short and long-term information concerning the County's financial status.

The following section is the **Fund Financial Statements**. These focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the fund financial statements: governmental funds, budgetary comparison, proprietary fund, and fiduciary fund statements.

The final section is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in the statements. Following the notes, **Supplemental Information** provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the State of North Carolina General Statutes can also be found in this part of the statements.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements include a **Statement of Net Position** and a **Statement of Activities** which provide short and long-term information about the County's financial status as a whole.

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

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying economic event occurs, regardless of when cash is received or paid. Therefore, some of the revenues or expenses reported in the statement will have cash flows in future fiscal periods. For example, taxes are shown as revenue although cash receipts will occur early in the following fiscal year; an increase in unused vacation leave is recorded as an expense although the related cash flow will occur in the future.

Both of the government-wide financial statements show a distinction between activities that are supported primarily by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public education, economic development, human services, and general administration. The business-type activities are public utilities, which are comprised of water systems and solid waste (landfill) systems.

The government-wide financial statements include not only the County itself (primary government), but also the ABC Board and the Tourism Development Authority. Financial information for these component units is reported separately from the financial information presented for primary government.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources, which have been segregated for specific activities or objectives. The County, like other State and local governments in North Carolina, uses fund accounting to ensure and demonstrate compliance with legal, legislative, contractual, and other finance-related provision. The fund statements focus on the major funds of the County. All of the County's funds may be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements with the major difference being how the funds can be readily converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next fiscal year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a current financial resource focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps 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.

The 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 of Commissioners 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 statements provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. 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 revenue or expenditures.

Proprietary Funds

The County maintains two types of proprietary funds: enterprise and internal service. Enterprise funds are used to report in greater detail the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its utility system and solid waste system. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various departments. The County uses internal service funds to account for Health Insurance Fund and Unemployment Insurance Fund. Because this operation benefits predominately governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the governmental-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The County has one fiduciary fund: Agency Fund. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets held by the County as an agent on the behalf of others. The County has three trust and agency funds: Social Services Trust Fund – monies deposited with DSS for the benefits of certain individuals; Tax Collection Agency Fund – revenues collected by the County on behalf of municipalities within the County; Register of Deeds Trust Fund Fee – monies remitted monthly to the State from marriage licenses.

Notes to the Basic 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 begin on page 28 of this report.

Other Information

Combining and individual statements and schedules referred to earlier, which present more detailed views of nonmajor funds, are found in the *Combining and Individual Fund Statements and Schedules* of the CAFR. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning funding of employee pension and OPEB obligations. Required supplementary information can be found on pages 74 through 82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Halifax County's Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and Other Assets	\$ 40,961,774	\$ 38,868,973	\$ 10,264,929	\$ 11,022,940	\$ 51,226,703	\$ 49,891,913
Restricted assets	2,597,552	2,316,768	97,973	5,276,285	2,695,525	7,593,053
Capital assets	20,410,450	20,544,195	32,563,683	33,417,381	52,974,133	53,961,576
Total Assets	63,969,776	61,729,936	42,926,585	49,716,606	106,896,361	111,446,542
Deferred Outflows of Resources	6,372,616	4,385,725	197,477	131,170	6,570,093	4,516,895
Liabilities:						
Current Liabilities	5,858,890	6,202,646	2,237,962	2,154,261	8,096,852	8,356,907
Non-current liabilities	44,718,569	44,605,943	26,977,959	28,575,218	71,696,528	73,181,161
Total liabilities	50,577,459	50,808,589	29,215,921	30,729,479	79,793,380	81,538,068
Deferred Inflows of Resources	1,094,725	1,052,436	51,156	6,823	1,145,881	1,059,259
Net Position:						
Net investment in capital assets	19,974,793	17,187,742	11,728,621	11,290,268	31,703,414	28,478,010
Restricted	18,614,020	24,454,078	-	-	18,614,020	24,454,078
Unrestricted	(19,918,605)	(27,387,184)	2,128,364	7,821,206	(17,790,241)	(19,565,978)
Total Net Position	\$ 18,670,208	\$ 14,254,636	\$ 13,856,985	\$ 19,111,474	\$ 32,527,193	\$ 33,366,110

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$32,527,193 at fiscal year-end. Net position decreased in the current fiscal year due to the increases in accumulated depreciation. \$31,703,414 reflects the County's investment in capital assets such as land, buildings, equipment, and construction in progress, less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate these liabilities. The payment of maintenance and debt service costs on these capital assets will require future government resources.

\$18,614,020 of total net position represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, may be used to meet the ongoing obligations to citizens and creditors.

Halifax County's Change in Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 6,645,617	\$ 5,750,547	\$ 10,024,492	\$ 10,321,058	\$ 16,670,109	\$ 16,071,605
Operating Grants and Contributions	17,520,858	16,755,893	-	117,952	17,520,858	16,873,845
Capital Grants and Contributions	267,649	903,585	578,216	-	845,865	903,585
General Revenue:						
Property Taxes	34,774,157	34,488,840	-	-	34,774,157	34,488,840
Local Option Sales Tax	10,520,348	9,677,612	-	-	10,520,348	9,677,612
Other Taxes	702,002	285,520	-	-	702,002	285,520
Interest	679,056	203,391	55,043	49,564	734,099	252,955
Total Revenues	<u>71,109,687</u>	<u>68,065,388</u>	<u>10,657,751</u>	<u>10,488,574</u>	<u>81,767,438</u>	<u>78,553,962</u>
Expenses:						
General Government	8,245,946	8,473,124	-	-	8,245,946	8,473,124
Public Safety	18,654,858	17,137,119	-	-	18,654,858	17,137,119
Economic & physical Development	1,685,582	1,522,518	-	-	1,685,582	1,522,518
Human Services	20,636,307	20,581,114	-	-	20,636,307	20,581,114
Cultural & Recreational	845,917	686,028	-	-	845,917	686,028
Education	15,775,104	21,888,553	-	-	15,775,104	21,888,553
Interest and fees	802,858	882,908	-	-	802,858	882,908
Water and Sewer	-	-	6,251,538	4,532,991	6,251,538	4,532,991
Landfill/Solid Waste	-	-	9,708,245	6,185,739	9,708,245	6,185,739
Total Expenses	<u>66,646,572</u>	<u>71,171,364</u>	<u>15,959,783</u>	<u>10,718,730</u>	<u>82,606,355</u>	<u>81,890,094</u>
Revenue Over (Under) Expenses	4,463,115	(3,105,976)	(5,302,032)	(230,156)	(838,917)	(3,336,132)
Transfers	(47,543)	24,255	47,543	(24,255)	-	-
Change in New Position	<u>4,415,572</u>	<u>(3,081,721)</u>	<u>(5,254,489)</u>	<u>(254,411)</u>	<u>(838,917)</u>	<u>(3,336,132)</u>
Net Position:						
Beginning of Year July 1	14,254,636	20,418,078	19,111,474	17,858,136	33,366,110	38,276,214
Restatement	-	(3,081,721)	-	1,507,749	-	(1,573,972)
Amended July 1	<u>14,254,636</u>	<u>17,336,357</u>	<u>19,111,474</u>	<u>19,365,885</u>	<u>33,366,110</u>	<u>36,702,242</u>
End of Year - June 30	<u>\$ 18,670,208</u>	<u>\$ 14,254,636</u>	<u>\$ 13,856,985</u>	<u>\$ 19,111,474</u>	<u>\$ 32,527,193</u>	<u>\$ 33,366,110</u>

Governmental Activities

Of total net position, governmental activities accounted for \$18,670,208, with operating grants and contributions funding \$17,520,858 of the County's governmental activities. Only property taxes provided a higher source of income. During fiscal year 2019, interest revenues improved along with the economy and the County continues the utilization of interest earnings credit as an off-set against bank charges/administrative fees. Revenues remained fairly constant with fees from construction, which had taken a downturn in the previous fiscal years. The Commissioners continue to be aggressive in pursuing businesses through economic development incentives of building reuse grants and other infrastructure needs.

Business-Type Activities

Business-type activities decreased the County's net position by \$5,254,489 due to the bankruptcy filing of Westmoreland related to the long-term receivable for the Ash Monofill closure expense. Water and Sewer rates were changed to market prices after several years of absorbing increased costs and to improve debt covenant percentages per revenue bond guidelines.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus of Halifax County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Halifax 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 Halifax County. At the end of the current fiscal year, unassigned fund balance available in the General Fund was \$13,701,295, while total fund balance reached \$35,185,027. The County currently has an available fund balance of 23.18% (unassigned) of General Fund expenditures and transfers out, while total fund balance represents 59.54% of that same amount.

At June 30, 2019, the governmental funds of Halifax County reported a combined fund balance of \$37,252,626, an 8.2% increase from last year. This can be primarily attributed to the Reserve by State Statute decreasing by \$4,844,214.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This difference in focus and purpose creates significant variances between the governmental fund financial statements of the government-wide financial statements. For the year ended June 30, 2019, the net change in fund balances per the governmental funds showed an increase of \$2,838,457, while the governmental activities column of the government-wide financial statements indicated an increase of \$4,415,572 in net position. A major contributing factor to this difference is due to the reporting of debt service and capital outlays as expenditures in the governmental funds, but as balance sheet/capital items (i.e., not expenses immediately, but rather over the life of the assets) on the government-wide statements.

Fund balance may serve as a useful measure of a government's net resources available for spending. Prepaid items of \$18,613 and advances of \$200,000 are considered non-spendable. Approximately \$20.8

million of the total governmental fund balances constitutes restricted fund balance, which is available for spending within the constraints of each particular fund. The remainder of the fund balance is available for spending at the County's discretion.

Special revenue funds are used to account for specific revenue sources and their related expenditures. The aggregate fund balance of all special revenue funds was \$316,965 at year-end. All the fund balances for special revenue funds are considered restricted.

Economic Development Funds (Capital project funds) reported expenditures of \$1,337,894 for the current fiscal year. Projects, which become assets of the County, excluding school expenses, have their yearly expenses added to the County's construction in progress until the project is completed and then depreciated over their useful lives.

Proprietary Funds

Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of Solid Waste Landfill Fund at year-end totaled (\$271,199) and the Water Fund totaled \$14,128,184 for a cumulative total of \$13,856,985. Other factors concerning the finances of the proprietary funds have previously been addressed during the discussion of the County's business-type activities.

Internal Service Funds

Internal service funds are designed to recover the internal costs of general services provided to the other fund groups. At June 30, 2019, total net position amounted to \$1,938,188, which is an increase of \$143,041 from the previous fiscal year.

General Fund Budgetary Highlights

During the year, the County revised the budget on several occasions. Generally, the budget amendments fall into 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, which become necessary to maintain services. The majority of amendments, which increased revenues are attributable to restricted intergovernmental revenues and annual grants, which are not included until final authorizations are signed. A comparison of actual results versus the final budget reveals a net increase in the General Fund's fund balance by \$3,341,291. A portion of this increase can be tied to property tax collections, conservative spending and postponement of several improvement projects.

Capital Asset and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$52,974,133 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, water lines, and solid waste convenience sites. The decrease in the County's capital assets for the current fiscal year was approximately 2.1%.

Halifax County's Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and Improvements	\$ 4,070,791	\$ 3,884,023	\$ 489,086	\$ 463,850	\$ 4,559,877	\$ 4,347,873
Buildings	32,542,896	32,424,780	57,136,762	57,136,762	89,679,658	89,561,542
Equipment	6,925,119	6,368,277	4,598,774	3,636,621	11,523,893	10,004,898
Vehicles	5,367,756	4,797,052	1,086,010	1,067,850	6,453,766	5,864,902
Construction in Progress	-	268,077	-	204,187	-	472,264
Sub-total	48,906,562	47,742,209	63,310,632	62,509,270	112,217,194	110,251,479
Less: Accumulated depreciation	(28,496,112)	(27,198,014)	(30,746,949)	(29,091,889)	(59,243,061)	(56,289,903)
Total	<u>\$ 20,410,450</u>	<u>\$ 20,544,195</u>	<u>\$ 32,563,683</u>	<u>\$ 33,417,381</u>	<u>\$ 52,974,133</u>	<u>\$ 53,961,576</u>

Our financial statements present capital assets in two groups: those assets subject to depreciation, such as equipment or operational facilities, and those assets not subject to depreciation, such as land and construction in progress.

Prior to implementation of GASB No. 34, accumulated depreciation and depreciation expenses were required to be reported only in the enterprise funds and internal service funds. With the implementation of GASB 34, accumulated depreciation was reported in the Statement of Net Position for capital assets, which were not held by the enterprise or internal service funds. In addition, the corresponding depreciation expenses were reported in the Statement of Activities. Please refer to the notes to financial statements beginning on page 28 for further details regarding capital assets.

Long-Term Debt

A significant component of the County's debt is the general obligation bonds and installment notes payable, at \$18,033,808, representing bonds and notes backed by the full faith and credit of the County.

This outstanding general obligation indebtedness is only a portion of the legal debt limit of approximately \$295,734,861. This legal debt limit is determined by the Municipal Finance Law of North Carolina, which restricts the amount of net bonded debt a county may have outstanding to 8% of the appraised value subject to taxation.

Halifax County's Outstanding Debt General Obligation and Revenue Bonds

	Business Type Activities	
	2019	2018
General Obligation Bond:	\$ 16,698,520	\$ 17,823,825
Revenue Bonds	2,454,000	2,502,000
Total	<u>\$ 19,152,520</u>	<u>\$ 20,325,825</u>

The County has a rating of A+ by Standard & Poor's (S&P). The County's general obligation debt per capita is \$330.18 as of June 30, 2019, while the County's gross debt per capita is \$959.88

Additional information of the County's long-term debt can be found beginning on page 48 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local and national economic factors influence the County's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales tax, fuel taxes, charges for services, as well as federal and State grants. Economic growth may be measured by such indicators as employment growth, unemployment, increases in new construction and assessed values, diversification of the property tax base, enterprise fund revenue, and net asset growth. Economic factors considered in preparing the County's budget for the 2019 fiscal year included, but were not limited to, the following:

- The County labor force equals approximately 20,922 and has an unemployment rate of 6.6% as of June 30, 2019. This compares unfavorably to the State's unemployment rate of 4.2% and the United States' rate of 3.7% for the same period. The labor force, per Employment Security Commission charts, showed a decrease, and unemployment rate has decreased in comparison to the prior fiscal year.
- Inflationary trends in the region compare favorably to national indices.
- Population of 50,574 has continued to decrease from 2018 by approximately 1.4%.

Additional information regarding economic factors is provided in the statistical section of the CAFR.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2019-2020

Governmental Activities

The County's property revaluation was effective January 1, 2015. The County had held the property tax rate steady at \$.68 per \$100 since the previous revaluation in 2007. In order to be revenue neutral in response to the lower property values, the tax rate was increased to \$.73 per \$100. An additional \$.05 per \$100 was levied for the purpose of raising revenue for the repayment of debt incurred by the County related to the construction of a new Manning Elementary School. A property tax decrease of \$.01 was approved by the Board of Commissioners for Fiscal Year 2020 lowering the total rate to \$.72 per \$100. The County's current property valuation is \$3.7 billion dollars and the estimated property collection rate for Fiscal Year 2020 is 97.4%.

Property taxes and revenues from permits and fees are expected to continue to lead the increase in revenue projections. Sales tax revenues are increasing moderately with the improvement of the economy. With the improved economy, revenues from earned interest are rising while conservative budgeting is still in place. Expenditure modifications implemented in prior fiscal years were carried forward into fiscal year 2020.

Economic development will continue to be emphasized during the 2019-2020 fiscal year. In conjunction with the NC Department of Commerce, several economic incentive packages are being developed for existing business expansions. Six industrial sites are being promoted with emphasis on the proximity to the Halifax-Northampton Regional Airport.

Business-Type Activities

The 2020 budgeted expenditures for the Solid Waste Fund are \$4,268,178 which is a 5.9% increase as compared to fiscal year 2019. Public Utilities – Water Division’s fiscal year 2020 budgeted expenditures are \$6,308,762 which is an increase of 2.5% from the previous fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County’s finances for those with an interest in this area. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Halifax County Finance Director, P.O. Box 38, Halifax, North Carolina 27839. You may also visit our web-site at www.halifaxnc.com.

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Halifax County Tourism Development Authority	Halifax County ABC Board
ASSETS					
Cash and cash equivalents	\$ 32,360,261	\$ 8,555,384	\$ 40,915,645	\$ 1,065,644	\$ 952,696
Receivables, net of allowance for uncollectibles	6,390,735	1,575,317	7,966,052	-	-
Taxes receivable, net of allowance for uncollectibles	2,084,319	-	2,084,319	-	-
Due from other governments	39,020	90,316	129,336	92,008	-
Inventories	-	43,912	43,912	-	416,878
Prepaid items	18,613	-	18,613	1,583	291
Restricted cash and cash equivalents	2,597,552	97,973	2,695,525	-	-
Net pension asset	68,826	-	68,826	-	-
Capital assets:					
Non-depreciable	4,070,791	436,727	4,507,518	-	275,222
Depreciable, net of accumulated depreciation	16,339,659	32,126,956	48,466,615	-	1,233,216
Total assets	63,969,776	42,926,585	106,896,361	1,159,235	2,878,303
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	5,932,338	197,477	6,129,815	37,956	67,138
OPEB related items	440,278	-	440,278	1,758	21,180
Total deferred outflows of resources	6,372,616	197,477	6,570,093	39,714	88,318
LIABILITIES					
Accounts payable	1,471,959	515,884	1,987,843	51,455	116,809
Accrued liabilities	169,557	91,489	261,046	-	402,743
Customer deposits	-	282,515	282,515	-	-
Interest payable	99,230	-	99,230	-	-
Claims payable	617,293	-	617,293	-	-
Installment notes, due within one year	2,527,524	1,149,805	3,677,329	-	-
Installment notes, due in more than one year	24,780,801	15,548,715	40,329,516	-	-
Notes payable, due within one year	-	118,746	118,746	-	-
Notes payable, due in more than one year	-	1,563,796	1,563,796	-	-
Bonds payable, due within one year	-	49,000	49,000	-	-
Bonds payable, due in more than one year	-	2,405,000	2,405,000	-	-
Capital lease, due within one year	158,554	-	158,554	-	-
Capital lease, due in more than one year	241,973	-	241,973	-	-
Compensated absences, due within one year	778,350	30,523	808,873	7,787	-
Compensated absences, due in more than one year	1,258,582	45,785	1,304,367	10,360	-
Landfill postclosure liability, due in more than one year	-	7,165,362	7,165,362	-	-
Total pension liability, due in more than one year	1,673,256	-	1,673,256	-	-
Net pension liability, due in more than one year	7,559,025	249,301	7,808,326	43,414	64,765
Total OPEB liability, due in more than one year	9,241,355	-	9,241,355	13,489	275,529
Total liabilities	50,577,459	29,215,921	79,793,380	126,505	859,846

(continued)

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Halifax County Tourism Development Authority	Halifax County ABC Board
DEFERRED INFLOWS OF RESOURCES					
Deferred tax revenue	197,956	47,154	245,110	-	-
OPEB related items	681,454	-	681,454	167	5,817
Pension related items	215,315	4,002	219,317	1,502	335
Total deferred inflows of resources	1,094,725	51,156	1,145,881	1,669	6,152
NET POSITION					
Net investment in capital assets	19,974,793	11,728,621	31,703,414	-	1,508,438
Restricted for:					
Stabilization by State Statute	6,135,797	-	6,135,797	92,008	-
Public safety	1,928,338	-	1,928,338	-	-
Human services	9,149,935	-	9,149,935	-	-
Education	243,922	-	243,922	-	-
Tax reassessment	659,941	-	659,941	-	-
Economic and physical development	496,087	-	496,087	-	-
Other	-	-	-	-	171,526
Unrestricted	(19,918,605)	2,128,364	(17,790,241)	978,767	420,659
Total net position	\$ 18,670,208	\$ 13,856,985	\$ 32,527,193	\$ 1,070,775	\$ 2,100,623

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

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,245,946	\$ 3,756,464	\$ 506,853	\$ -
Public safety	18,654,858	2,547,128	1,569,916	-
Economic and physical development	1,685,582	268,157	583,110	267,649
Human services	20,636,307	48,857	13,624,080	-
Culture and recreation	845,917	25,011	276,001	-
Education	15,775,104	-	960,898	-
Interest on long-term debt	802,858	-	-	-
Total governmental activities	<u>66,646,572</u>	<u>6,645,617</u>	<u>17,520,858</u>	<u>267,649</u>
Business-type activities:				
Solid waste	4,529,810	3,986,176	-	-
Water and sewer	11,429,973	6,038,316	-	578,216
Total business-type activities	<u>15,959,783</u>	<u>10,024,492</u>	<u>-</u>	<u>578,216</u>
Total primary government	<u>\$ 82,606,355</u>	<u>\$ 16,670,109</u>	<u>\$ 17,520,858</u>	<u>\$ 845,865</u>
Component Units:				
Halifax County Tourism Development Authority	\$ 973,394	\$ 1,018	\$ -	\$ -
Halifax County ABC Board	5,674,454	5,764,970	-	-
Total component units	<u>\$ 6,647,848</u>	<u>\$ 5,765,988</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Ad valorem taxes				
Sales and use taxes				
Other taxes				
Investment earnings				
Miscellaneous				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

(continued)

Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Halifax County Tourism Development Authority	Halifax County ABC Board
\$ (3,982,629)	\$ -	\$ (3,982,629)	\$ -	\$ -
(14,537,814)	-	(14,537,814)	-	-
(566,666)	-	(566,666)	-	-
(6,963,370)	-	(6,963,370)	-	-
(544,905)	-	(544,905)	-	-
(14,814,206)	-	(14,814,206)	-	-
(802,858)	-	(802,858)	-	-
(42,212,448)	-	(42,212,448)	-	-
-	(543,634)	(543,634)	-	-
-	(4,813,441)	(4,813,441)	-	-
-	(5,357,075)	(5,357,075)	-	-
<u>\$ (42,212,448)</u>	<u>\$ (5,357,075)</u>	<u>\$ (47,569,523)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (972,376)	\$ -
-	-	-	-	90,516
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (972,376)</u>	<u>\$ 90,516</u>
\$ 34,774,157	\$ -	\$ 34,774,157	\$ -	\$ -
10,520,348	-	10,520,348	-	-
702,002	-	702,002	1,053,401	-
679,056	55,043	734,099	502	5,465
-	-	-	4,045	-
-	-	-	-	11,985
(47,543)	47,543	-	-	-
<u>46,628,020</u>	<u>102,586</u>	<u>46,730,606</u>	<u>1,057,948</u>	<u>17,450</u>
4,415,572	(5,254,489)	(838,917)	85,572	107,966
14,254,636	19,111,474	33,366,110	985,203	1,992,657
<u>\$ 18,670,208</u>	<u>\$ 13,856,985</u>	<u>\$ 32,527,193</u>	<u>\$ 1,070,775</u>	<u>\$ 2,100,623</u>

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

HALIFAX COUNTY, NORTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash	\$ 27,622,591	\$ 2,123,161	\$ 29,745,752
Taxes receivable, net	1,675,616	408,703	2,084,319
Accounts receivable	5,839,026	551,709	6,390,735
Due from other governments	-	39,020	39,020
Advances to other funds	200,000	-	200,000
Prepaid items	18,413	200	18,613
Restricted cash and cash equivalents	2,597,552	-	2,597,552
Total assets	<u>\$ 37,953,198</u>	<u>\$ 3,122,793</u>	<u>\$ 41,075,991</u>
LIABILITIES			
Accounts payable	\$ 966,440	\$ 446,491	\$ 1,412,931
Accrued payroll and withholdings	124,316	-	124,316
Accrued liabilities	45,241	-	45,241
Advances from other funds	-	200,000	200,000
Total liabilities	<u>1,135,997</u>	<u>646,491</u>	<u>1,782,488</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - ad valorem taxes	1,434,218	408,703	1,842,921
Deferred revenue - prepaid taxes	197,956	-	197,956
Total deferred inflows of resources	<u>1,632,174</u>	<u>408,703</u>	<u>2,040,877</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	18,413	200	18,613
Advances	200,000	-	200,000
Restricted:			
Stabilization by State Statute	6,080,424	55,373	6,135,797
Public safety	1,544,066	261,592	1,805,658
Debt service	2,597,552	-	2,597,552
Human services	9,107,834	-	9,107,834
Tax reassessment	659,941	-	659,941
Economic and physical development	-	496,087	496,087
Assigned:			
Use in subsequent fiscal year	1,275,502	-	1,275,502
Economic and physical development	-	1,254,347	1,254,347
Unassigned	13,701,295	-	13,701,295
Total fund balances	<u>35,185,027</u>	<u>2,067,599</u>	<u>37,252,626</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,953,198</u>	<u>\$ 3,122,793</u>	<u>\$ 41,075,991</u>

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

HALIFAX COUNTY, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

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

Fund balances - total governmental funds	\$ 37,252,626
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	20,410,450
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	1,842,921
The net pension liability (assets), total pension liability, and related deferred inflows and outflows of resources are resources related to the County's defined benefit pension plans which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(3,446,432)
The total OPEB liability and related deferred inflows and outflows of resources are resources related to the County's OPEB plan which are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(9,482,531)
Internal service funds are used by the County to charge costs to other funds. The assets and liabilities are included in the governmental activities.	1,938,188
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(29,845,014)</u>
Net position - governmental activities	<u><u>\$ 18,670,208</u></u>

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

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	\$ 28,262,282	\$ 6,548,349	\$ 34,810,631
Sales tax	9,819,409	700,939	10,520,348
Other taxes	85,053	616,949	702,002
Intergovernmental revenues	16,941,609	846,898	17,788,507
Permits and fees	1,956,142	-	1,956,142
Charges for services	3,851,980	-	3,851,980
Investment earnings	671,854	7,202	679,056
Miscellaneous	837,495	-	837,495
Total revenues	<u>62,425,824</u>	<u>8,720,337</u>	<u>71,146,161</u>
Expenditures			
Current:			
General government	8,475,277	-	8,475,277
Public safety	16,351,143	2,258,348	18,609,491
Economic and physical development	1,027,754	397,847	1,425,601
Human services	20,185,806	104,200	20,290,006
Culture and recreation	788,615	-	788,615
Education	8,754,244	7,020,860	15,775,104
Debt service:			
Principal retirements	2,705,597	-	2,705,597
Interest and fiscal charges	809,072	-	809,072
Total expenditures	<u>59,097,508</u>	<u>9,781,255</u>	<u>68,878,763</u>
Excess (deficiency) of revenues over expenditures	3,328,316	(1,060,918)	2,267,398
Other financing sources (uses)			
Issuance of capital lease	243,000	-	243,000
Transfers in	369,975	650,921	1,020,896
Transfers out	(600,000)	(92,837)	(692,837)
Total other financing sources (uses)	<u>12,975</u>	<u>558,084</u>	<u>571,059</u>
Net change in fund balances	3,341,291	(502,834)	2,838,457
Fund balances, beginning of year	<u>31,843,736</u>	<u>2,570,433</u>	<u>34,414,169</u>
Fund balances, end of year	<u>\$ 35,185,027</u>	<u>\$ 2,067,599</u>	<u>\$ 37,252,626</u>

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

HALIFAX COUNTY, NORTH CAROLINA

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

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

Net change in fund balances - total governmental funds	\$ 2,838,457
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 outlay exceeded depreciation in the current period.	58,819
In the statement of activities, only the gain or loss on the disposal of capital assets is recorded. However, in the governmental funds, proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.	(192,564)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(36,474)
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, however, 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.	2,462,597
Internal service funds are used by management to charge the costs of the County's insurance plan to individual funds. The net expense of the internal service fund is reported within governmental activities.	143,041
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.	<u>(858,304)</u>
Change in net position - governmental activities	<u>\$ 4,415,572</u>

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

HALIFAX COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Revenues				
Property taxes	\$ 27,500,000	\$ 27,500,000	\$ 28,262,282	\$ 762,282
Other taxes and licenses	9,350,000	9,350,000	9,904,462	554,462
Intergovernmental revenue	17,135,661	22,503,477	16,941,609	(5,561,868)
Permits and fees	1,892,591	1,995,818	1,956,142	(39,676)
Sales and services	4,145,017	4,243,075	3,851,980	(391,095)
Miscellaneous	226,249	759,043	837,495	78,452
Investment earnings	60,000	60,000	671,854	611,854
Total revenues	60,309,518	66,411,413	62,425,824	(3,985,589)
Expenditures				
Current:				
General government	8,746,557	10,374,177	8,475,277	1,898,900
Public safety	16,015,934	24,908,220	16,351,143	8,557,077
Economic and physical development	1,025,236	1,297,534	1,027,754	269,780
Human services	23,761,159	25,047,722	20,185,806	4,861,916
Culture and recreation	661,235	836,926	788,615	48,311
Education	8,122,215	8,967,080	8,754,244	212,836
Debt service:				
Principal retirements	2,861,196	2,942,196	2,705,597	236,599
Interest	831,645	831,852	809,072	22,780
Total expenditures	62,025,177	75,205,707	59,097,508	16,108,199
Excess (deficiency) of revenues over expenditures	(1,715,659)	(8,794,294)	3,328,316	12,122,610
Other financing sources (uses):				
Issuance of capital lease	-	243,000	243,000	-
Transfers in	11,914,533	19,223,656	19,014,190	(209,466)
Transfers out	(11,896,678)	(19,396,365)	(19,244,215)	152,150
Appropriated fund balance	1,697,804	8,724,003	-	(8,724,003)
Total other financing sources	1,715,659	8,794,294	12,975	(8,781,319)
Net change in fund balances	-	-	3,341,291	3,341,291
Fund balances, beginning of year	31,843,736	31,843,736	31,843,736	-
Fund balances, end of year	\$ 31,843,736	\$ 31,843,736	\$ 35,185,027	\$ 3,341,291

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

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2019

ASSETS	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,660,034	\$ 3,895,350	\$ 8,555,384	\$ 2,614,509
Accounts receivable, net of allowances	842,192	733,125	1,575,317	-
Due from other governments	63,605	26,711	90,316	-
Restricted cash and cash equivalents	-	97,973	97,973	-
Inventories	-	43,912	43,912	-
Total current assets	5,565,831	4,797,071	10,362,902	2,614,509
CAPITAL ASSETS				
Nondepreciable	312,250	124,477	436,727	-
Depreciable, net of accumulated depreciation	1,832,877	30,294,079	32,126,956	-
Total noncurrent assets	2,145,127	30,418,556	32,563,683	-
Total assets	7,710,958	35,215,627	42,926,585	2,614,509
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	77,416	120,061	197,477	-
Total deferred outflows of resources	77,416	120,061	197,477	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	252,155	263,729	515,884	59,028
Accrued liabilities	3,934	87,555	91,489	-
Customer deposits	-	282,515	282,515	-
Claims payable	-	-	-	617,293
Installment contracts, current	180,647	969,158	1,149,805	-
Notes payable, current	-	118,746	118,746	-
Bonds payable, current	-	49,000	49,000	-
Compensated absences payable, current	7,709	22,814	30,523	-
Total current liabilities	444,445	1,793,517	2,237,962	676,321
NONCURRENT LIABILITIES				
Landfill postclosure	7,165,362	-	7,165,362	-
Installment contracts, due in more than one year	291,747	15,256,968	15,548,715	-
Notes payable, due in more than one year	-	1,563,796	1,563,796	-
Bonds payable, due in more than one year	-	2,405,000	2,405,000	-
Compensated absences payable	11,564	34,221	45,785	-
Net pension liability	97,732	151,569	249,301	-
Total noncurrent liabilities	7,566,405	19,411,554	26,977,959	-
Total liabilities	8,010,850	21,205,071	29,215,921	676,321
DEFERRED INFLOWS OF RESOURCES				
Pension related items	1,569	2,433	4,002	-
Deferred taxes	47,154	-	47,154	-
Total deferred inflows of resources	48,723	2,433	51,156	-
NET POSITION				
Net investment in capital assets	1,672,733	10,055,888	11,728,621	-
Unrestricted	(1,943,932)	4,072,296	2,128,364	1,938,188
Total net position	\$ (271,199)	\$ 14,128,184	\$ 13,856,985	\$ 1,938,188

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

HALIFAX COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 3,886,329	\$ 5,811,630	\$ 9,697,959	\$ -
Other operating revenues	-	-	-	5,217,190
Miscellaneous	99,847	226,686	326,533	-
Total operating revenues	3,986,176	6,038,316	10,024,492	5,217,190
OPERATING EXPENSES				
Landfill	851,295	-	851,295	-
Administrative and general	-	1,337,767	1,337,767	-
Operations and maintenance	3,572,314	2,692,863	6,265,177	-
Depreciation	94,661	1,584,143	1,678,804	-
Claims and payments to third party administrators	-	-	-	4,863,983
Total operating expenses	4,518,270	5,614,773	10,133,043	4,863,983
Operating income (loss)	(532,094)	423,543	(108,551)	353,207
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	51,966	3,077	55,043	39,834
Bad debt on long-term receivables	(5,178,435)	-	(5,178,435)	-
Interest expense	(11,540)	(636,765)	(648,305)	-
Total non-operating revenue (expenses)	(5,138,009)	(633,688)	(5,771,697)	39,834
Loss before transfers and capital contributions	(5,670,103)	(210,145)	(5,880,248)	393,041
Transfers out	(12,037)	(66,022)	(78,059)	(250,000)
Capital contributions	-	703,818	703,818	-
Change in net position	(5,682,140)	427,651	(5,254,489)	143,041
Net position, beginning of year	5,410,941	13,700,533	19,111,474	1,795,147
Net position (deficit), end of year	<u>\$ (271,199)</u>	<u>\$ 14,128,184</u>	<u>\$ 13,856,985</u>	<u>\$ 1,938,188</u>

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

HALIFAX COUNTY, NORTH CAROLINA

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

	Solid Waste Landfill Fund	Water Fund	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,842,863	\$ 6,153,697	\$ 9,996,560	\$ 5,217,190
Payments to suppliers	(4,196,773)	(3,289,333)	(7,486,106)	(5,012,918)
Payments to employees	(488,413)	(851,024)	(1,339,437)	-
Net cash provided by (used in) operating activities	(842,323)	2,013,340	1,171,017	204,272
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(12,037)	(66,022)	(78,059)	(250,000)
Net cash provided by non-capital financing activities	(12,037)	(66,022)	(78,059)	(250,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and acquisition of capital assets	(59,000)	(62,288)	(121,288)	-
Principal payments on long-term debt	(176,825)	(1,115,226)	(1,292,051)	-
Interest paid	(13,013)	(642,635)	(655,648)	-
Net cash provided by (used in) capital and related financing activities	(248,838)	(1,820,149)	(2,068,987)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	51,966	3,077	55,043	39,834
Net cash provided by investing activities	51,966	3,077	55,043	39,834
Net increase (decrease) in cash and cash equivalents	(1,051,232)	130,246	(920,986)	(5,894)
Cash and cash equivalents, beginning of year	5,711,266	3,863,077	9,574,343	2,620,403
Cash and cash equivalents, end of year	\$ 4,660,034	\$ 3,993,323	\$ 8,653,357	\$ 2,614,509
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (532,094)	\$ 423,543	\$ (108,551)	\$ 353,207
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	94,661	1,584,143	1,678,804	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(101,279)	107,152	5,873	-
(Increase) decrease in amounts due from other governments	(42,034)	1,779	(40,255)	-
Decrease in inventory	-	13,744	13,744	-
Decrease in long-term receivables	-	-	-	-
Increase in accounts payable	53,133	7,933	61,066	(4,253)
Decrease in postclosure liability	(363,682)	-	(363,682)	-
Increase in customer deposits	-	6,450	6,450	-
Increase (decrease) in compensated absences payable	(4,997)	72	(4,925)	-
Decrease in advance from other funds	-	(142,460)	(142,460)	-
Decrease in claims payable	-	-	-	(144,682)
Increase in pension related items	53,969	10,984	64,953	-
Net cash provided by (used in) operating activities	(842,323)	2,013,340	1,171,017	204,272
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	\$ -	\$ 703,818	\$ 703,818	\$ -
NONCASH FROM OPERATING ACTIVITIES				
Write-off of receivable from third party for landfill closure costs	\$ (5,178,435)	\$ -	\$ (5,178,435)	\$ -

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

HALIFAX COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2019

ASSETS	Agency Funds
Cash and cash equivalents	\$ 102,916
Taxes receivable	<u>1,018,904</u>
Total assets	<u>\$ 1,121,820</u>
LIABILITIES	
Due to others	\$ 102,916
Uncollected taxes	<u>1,018,904</u>
Total liabilities	<u>\$ 1,121,820</u>

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

HALIFAX COUNTY, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Halifax County, North Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

A. Reporting Entity

Halifax County, North Carolina (the "County"), was founded in 1758 and is located in the northeastern portion of North Carolina. The County has a commissioner/manager form of government with a six-member elected Board of Commissioners comprising the governing body. The County provides the following services to its citizens: public health, public safety, mental health, social service programs, planning and zoning, cultural and recreational programs, and housing and community development service programs. In addition, inspections, environmental resources, land records, and vital statistics information are provided. Elementary and secondary education is provided by the State through locally elected educational boards with the assistance of the County.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Halifax County ABC Board

The Halifax County Alcoholic Beverage Control Board (the "ABC Board") operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The five members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Halifax County ABC Board
411 US-301
Halifax, NC 27839

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Halifax County Tourism Development Authority

The Halifax County Tourism Development Authority (the "Authority"), is an entity which promotes the growth of tourism and the travel-related industry in Halifax County. The members of the Board are appointed by the County Commissioners of Halifax County. In addition, the County levies and collects the occupancy tax that is remitted to the Authority. Complete separate financial statements for the Authority may be obtained at its administrative office:

Halifax County Tourism Development Authority
260 Premier Blvd.
Roanoke Rapids, NC 27870

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County's capital assets.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers most revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes, which use a 60 day period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, such as compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, individual major funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major governmental funds:

The **General Fund** 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 Property Revaluation Fund is a legally budgeted fund under North Carolina General Statutes, which for reporting purposes is presented in the General Fund. The Community Loan Fund is also presented in the General Fund, for reporting purposes.

The County reports the following major enterprise funds:

The **Solid Waste Landfill Fund** accounts for the revenues and expenses related to the provision of solid waste disposal and recycling activities for the citizens of Halifax County.

The **Water Fund** accounts for the purpose of providing water and sewer service for the citizens of Halifax County.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for specific revenues, such as various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **capital projects funds** account for financial resources to be used for the acquisition and construction of major capital projects

The **internal service funds** account for the County's partially self-insured health and dental benefits plan as well as partially self-insured unemployment insurance benefit plan which charges the other funds of the County for the insurance claims.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **fiduciary funds** consist of agency funds which are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: Tax Collection Agency Fund, which accounts for the collection and disbursement of taxes revenues to municipalities within the County; and, Social Services Trust Fund, which accounts for monies deposited within the Department of Social Services for the benefit of certain individuals.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated, as this process would distort the direct costs and program revenues reported in the various functions.

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. 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 enterprise funds include the cost of these goods 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for all funds, with the exception of several of the capital project funds, including the enterprise capital project funds, for which project length budgets are adopted. In accordance with State law, the budgets adopted for the enterprise funds are adopted on the modified accrual basis of accounting, and a reconciliation is provided along with the budget schedule to reconcile from the modified accrual basis to the accrual basis. The governmental funds' budgets are adopted on a basis other than accounting principles generally accepted in the United States of America. Budgets are adopted to show use of fund balance as other financing sources for both governmental and proprietary funds, as well as the proprietary funds are budgeted on the modified accrual basis of accounting. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General fund, special revenue funds, and the enterprise funds. During the fiscal year ended June 30, 2019, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. The County pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of State or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The securities of the NCCMT- Government Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio's securities are valued at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Restricted cash and cash equivalents

The County has restricted cash and cash equivalents in a QZAB sinking fund and a QSCB sinking fund in the General Fund. These sinking funds are restricted for the purposes of long-term debt retirement. The Water Fund also reports restricted cash for the sinking fund required through the long-term debt agreements.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. 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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

H. Allowances

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

I. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules and are offset by a fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

J. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method in the governmental funds.

L. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The County holds title to certain Halifax County Board of Education and Roanoke Rapids School District 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 and School District give the Board/District 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 once 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 Halifax County Board of Education and the Roanoke Rapids School District.

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Buildings and land improvements	30 years
Improvements	7 years
Furniture and equipment	5 years
Vehicles	5 years
Computers	5 years

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial statements will sometimes 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item that qualifies for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes collected in advance of the period they were intended to finance. Additionally, the County reports two (2) items, reported as deferred inflow of resources, which arises only under a modified accrual basis of accounting. Accordingly, the first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. The second item, deferred revenues – prepaid taxes, are reported on the balance sheet and the statement of net position. These prepaid taxes are recognized in the period for which they are levied, fiscal year 2020.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension liabilities – ROD, total pension liability – LEOSA, and total other postemployment benefit (OPEB) liability. Certain changes in the pension liabilities and OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the pension liability and OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the pension liability and OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against pension expense over a five year period.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

Permanent employees of the County can earn vacation leave at a rate that is dependent upon their years of service at the County. Vacation leave may be accumulated with a maximum until December 31 of each year. On that date, any accumulated vacation leave in excess of 240 hours is converted to sick leave. The maximum amount of vacation leave that can be carried forward to January 1 is 240 hours. At termination, employees are paid for any accumulated vacation leave. These amounts are paid from the same fund to which the employee's salary is charged. The amount accrued for this sick pay has been estimated based on the amount which is probable to be paid. These amounts are not considered a current liability within the governmental fund types' balance sheets since they will be paid from appropriations of subsequent years. Permanent employees of the County earn sick leave at a rate that is dependent upon their years of service at the County. There is no limit on the accumulation of sick leave for the County. Sick leave does not vest with employees and therefore the County does not report a liability for unused sick leave. However, unused sick leave that has accumulated at the time of retirement may be used to determine the length of service as it relates to retirement benefits.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types 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 accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the 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.

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. One component of the restricted fund balance of the General Fund relates to the Stabilization by State Statute (G.S. 159-8(a)) which requires total fund balance less the fund balance available for appropriation equals the total amount that must be restricted.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the County's Board of Commissioners. Approval of a resolution after a formal vote of the County's Board is required to establish a commitment of fund balance. Similarly, the County's Board may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners have retained the authority to make assignments.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets.

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted. As with many counties in the State of North Carolina, the County’s deficit in unrestricted net position is due primarily to the portion of the County’s outstanding general obligation and installment debt totaling approximately \$26.8 million incurred for the Halifax County Board of Education and the Roanoke Rapids Graded School District (the “school system”). Under North Carolina law, the County is responsible for providing school system capital funding and has done so using a mixture of County funds and general obligation debt. The deficit results because the debt is recorded on the County’s financial statements as the issuing government, while the related assets are owned, operated, and recorded in the school system’s financial statements.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Pensions

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 position of the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS’ and RODSPF’s fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$29,845,014 difference are as follows:

Installment notes	\$ (27,308,325)
Capital lease payable	(400,527)
Accrued interest payable	(99,230)
Compensated absences (i.e., vacation)	<u>(2,036,932)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (29,845,014)</u></u>

Another element of that reconciliation explains that “total OPEB liability and related deferred inflows and outflows of resources related to the County’s OPEB plan is not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$9,482,531 difference are as follows:

Total OPEB liability	\$ (9,241,355)
OPEB related deferred inflows and outflows of resources	<u>(241,176)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (9,482,531)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation explains that “the net pension liability (asset), total pension liability, and related deferred inflows and outflows of resources related to the County’s defined benefit pension plan is not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.” The details of this \$3,446,342 difference are as follows:

Total pension liability and related deferred inflows and outflows of resources - Law Enforcement Officers' Special Separation Allowance (LEOSSA) - pension plan	\$ (1,631,143)
Net pension liability and related deferred inflows and outflows of resources - LERS - pension plan	(1,900,840)
Net pension asset and related deferred inflows and outflows of resources - Register of Deeds Retirement Plan - pension plan	<u>85,551</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (3,446,432)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$58,819 difference are as follows:

Capital outlay	\$ 1,692,054
Depreciation expense	<u>(1,633,235)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 58,819</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “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, however, 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.” The details of this \$2,462,597 difference are as follows:

Debt service payments on long-term liabilities	\$ 2,705,597
Issuance of long-term liabilities	<u>(243,000)</u>
Net adjustment to increase <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ 2,462,597</u></u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$858,304 difference are as follows:

Compensated absences (i.e., vacation)	\$ (91,058)
Change in accrued interest	6,214
Net pension liability and related deferred outflows and inflows - LGERS	(506,350)
Total pension liability and related deferred outflows and inflows - LEOSSA	(33,931)
Net pension asset and related deferred outflows and inflows- ROD	(11,385)
Total OPEB liability and related deferred outflows and inflows	<u>(221,794)</u>
Net adjustment to decrease <i>net change in fund balances - total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u><u>\$ (858,304)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations. The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the County will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund. Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the County Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The following is a list of the funds and departments which reported expenditures in excess of approved budgets:

Solid Waste:	
Landfill operations	\$ 1,146,234
Ash monofill cell	5,249,535
Water Fund Debt Service	14,308

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits as of June 30, 2019 are summarized as follows:

Statement of Net Position:	
Cash and cash equivalents	\$ 40,915,645
Restricted cash and cash equivalents	2,695,525
Fiduciary - agency funds	102,916
	<u>\$ 43,714,086</u>
Cash deposited with financial institutions	\$ 18,557,258
Cash deposited with NCCMT	25,156,828
	<u>\$ 43,714,086</u>

Credit risk. State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2019, the County had \$18,932,995 invested in the NCCMT's government cash portfolio which carried a credit rating of AAAM by Standard and Poor's. The NCCMT's government cash portfolio is reported at fair value. The County has no policy regarding credit risk. The County has \$6,223,833 invested in the NCCMT term portfolio as of June 30, 2019. The NCCMT term portfolio is reported at fair value. Both portfolios are measured using level 1 inputs from the fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets.

Interest Rate Risk: The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The County's investments with the NCCMT term portfolio reported a weighted-average duration of 0.011 years at June 30, 2019.

Custodial credit risk – deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the County's deposits are insured or collateralized as required by GASB and state statutes.

NOTE 5. RECEIVABLES

Receivables at June 30, 2019, for the County's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>Water</u>	<u>Landfill</u>	<u>Governmental</u>
Receivables:				
Taxes	\$ 2,336,475	\$ -	\$ -	\$ 408,703
Accounts	7,096,114	977,071	1,112,053	551,709
Due from other governments	-	26,711	63,605	39,020
Long-term receivables	-	-	5,205,588	-
Less allowance for uncollectible	(1,917,947)	(243,947)	(5,475,449)	-
Net total receivables	<u>\$ 7,514,642</u>	<u>\$ 759,835</u>	<u>\$ 905,797</u>	<u>\$ 999,432</u>

The long-term receivable is related to the landfill closure and postclosure costs discussed further in Note 7.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Nondepreciable capital assets:					
Land and improvements	\$ 3,884,023	\$ -	\$ -	\$ 186,768	\$ 4,070,791
Construction in progress	268,077	140,040	-	(408,117)	-
Total	<u>4,152,100</u>	<u>140,040</u>	<u>-</u>	<u>(221,349)</u>	<u>4,070,791</u>
Capital assets, being depreciated:					
Buildings and improvements	32,424,780	19,395	-	98,721	32,542,896
Vehicles	4,797,052	637,666	(66,962)	-	5,367,756
Equipment	<u>6,368,277</u>	<u>894,953</u>	<u>(460,739)</u>	<u>122,628</u>	<u>6,925,119</u>
Total being depreciated	<u>43,590,109</u>	<u>1,552,014</u>	<u>(527,701)</u>	<u>221,349</u>	<u>44,835,771</u>
Less accumulated depreciation for:					
Buildings and improvements	(18,166,856)	(814,386)	-	-	(18,981,242)
Vehicles	(3,844,927)	(372,586)	6,940	-	(4,210,573)
Equipment	<u>(5,186,231)</u>	<u>(446,263)</u>	<u>328,197</u>	<u>-</u>	<u>(5,304,297)</u>
Total	<u>(27,198,014)</u>	<u>(1,633,235)</u>	<u>335,137</u>	<u>-</u>	<u>(28,496,112)</u>
Total capital assets, being depreciated, net	<u>16,392,095</u>	<u>(81,221)</u>	<u>(192,562)</u>	<u>221,349</u>	<u>16,339,659</u>
Governmental activities capital assets, net	<u>\$ 20,544,195</u>	<u>\$ 58,819</u>	<u>\$ (192,564)</u>	<u>\$ -</u>	<u>\$ 20,410,450</u>

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

Governmental activities:	
General government	\$ 416,873
Public safety	591,354
Economic and physical development	197,254
Human services	384,241
Cultural and recreational	<u>43,513</u>
Total depreciation expense - governmental activities	<u>\$ 1,633,235</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Solid Waste Landfill:					
Nondepreciable capital assets:					
Land and improvements	\$ 312,250	\$ -	\$ -	\$ -	\$ 312,250
Construction in progress	25,236	-	-	(25,236)	-
Total	<u>337,486</u>	<u>-</u>	<u>-</u>	<u>(25,236)</u>	<u>312,250</u>
Capital assets, being depreciated:					
Land improvements	27,123	-	-	25,236	52,359
Buildings	1,956,534	-	-	-	1,956,534
Vehicles	672,462	-	-	-	672,462
Equipment	1,689,432	59,000	-	-	1,748,432
Total	<u>4,345,551</u>	<u>59,000</u>	<u>-</u>	<u>25,236</u>	<u>4,429,787</u>
Less accumulated depreciation for:					
Land improvements	(26,183)	(813)	-	-	(26,996)
Buildings	(300,370)	(65,342)	-	-	(365,712)
Vehicles	(648,196)	(7,077)	-	-	(655,273)
Equipment	(1,527,500)	(21,429)	-	-	(1,548,929)
Total	<u>(2,502,249)</u>	<u>(94,661)</u>	<u>-</u>	<u>-</u>	<u>(2,596,910)</u>
Total capital assets being depreciated, net	<u>1,843,302</u>	<u>(35,661)</u>	<u>-</u>	<u>25,236</u>	<u>1,832,877</u>
Solid Waste Landfill capital assets, net	<u>\$ 2,180,788</u>	<u>\$ (35,661)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,145,127</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Water Fund:					
Nondepreciable capital assets:					
Land and improvements	\$ 124,477	\$ -	\$ -	\$ -	\$ 124,477
Construction in progress	178,951	-	-	(178,951)	-
Total	<u>303,428</u>	<u>-</u>	<u>-</u>	<u>(178,951)</u>	<u>124,477</u>
Capital assets, being depreciated:					
Plant and distribution systems	55,180,228	-	-	-	55,180,228
Vehicles	395,388	41,904	(23,744)	-	413,548
Equipment and furniture	1,947,189	724,202	-	178,951	2,850,342
Total	<u>57,522,805</u>	<u>766,106</u>	<u>(23,744)</u>	<u>178,951</u>	<u>58,444,118</u>
Less accumulated depreciation for:					
Plant and distribution systems	(24,325,854)	(1,551,550)	-	-	(25,877,404)
Vehicles	(322,239)	(25,445)	23,744	-	(323,940)
Equipment and furniture	(1,941,547)	(7,148)	-	-	(1,948,695)
Total	<u>(26,589,640)</u>	<u>(1,584,143)</u>	<u>23,744</u>	<u>-</u>	<u>(28,150,039)</u>
Total capital assets being depreciated, net	<u>30,933,165</u>	<u>(818,037)</u>	<u>-</u>	<u>178,951</u>	<u>30,294,079</u>
Water and Sewer Fund capital assets, net	<u>\$ 31,236,593</u>	<u>\$ (818,037)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,418,556</u>

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

Business-type activities	
Solid Waste Landfill	\$ 94,661
Water	1,584,143
Total depreciation expense - business-type activities	<u>\$ 1,678,804</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2019 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Installment notes payable	\$ 29,857,260	\$ -	\$ (2,548,935)	\$ 27,308,325	\$ 2,527,524
Capital lease payable	314,189	243,000	(156,662)	400,527	158,554
Net pension liability - LGERS	4,979,789	4,366,509	(1,787,273)	7,559,025	-
Total pension liability - LEOSSA	1,691,384	146,484	(164,612)	1,673,256	-
Compensated absences	1,945,874	1,018,878	(927,820)	2,036,932	778,350
Total OPEB liability	9,219,983	699,645	(678,273)	9,241,355	-
Governmental activity Long-term liabilities	<u>\$ 48,008,479</u>	<u>\$ 6,474,516</u>	<u>\$ (6,263,575)</u>	<u>\$ 48,219,420</u>	<u>\$ 3,464,428</u>
Business-type activities:					
Installment notes payable	\$ 17,823,825	\$ -	\$ (1,125,305)	\$ 16,698,520	\$ 1,149,805
Revenue bonds	2,502,000	-	(48,000)	2,454,000	49,000
Notes payable	1,801,288	-	(118,746)	1,682,542	118,746
Postclosure liability	7,529,044	824,142	(1,187,824)	7,165,362	-
Net pension liability - LGERS	162,374	144,347	(57,420)	249,301	-
Compensated absences	81,232	33,148	(38,072)	76,308	30,523
Long-term liabilities	<u>\$ 29,899,763</u>	<u>\$ 1,001,637</u>	<u>\$ (2,575,367)</u>	<u>\$ 28,326,033</u>	<u>\$ 1,348,074</u>

For governmental funds, compensated absences are liquidated by the General Fund. The net pension liability – LGERS, total pension liability - LEOSSA, and total OPEB liability are liquidated primarily by the General Fund. The claims payable liability is liquidated through the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable

The County has various installment notes outstanding for buildings, equipment, and vehicle financing arrangements. The outstanding balances for the notes as of June 30, 2019 are as follows:

	Balance as of June 30, 2019
<i>Governmental activities</i>	
Intallment note for \$18,100,000 was issued in May 2016 with semi-annual payments ranging from \$622,037 to \$883,883 with an interest rate of 3.11%; secured by RRGSD Board of Education. The final maturity of the note is May 2031.	\$ 14,480,000
Promissary note of \$12,005,000 was issued in June 2017 with semi-annual payments ranging from \$567,000 to \$1,020,088 with a 2.35% interest rate; secured by the Department of Social Services building and School Board facilities. The final maturity of the note is June 2026.	8,485,000
Qualified Zone Academy Bond installment purchase contract for \$1,642,400 was issued in December 2004 with annual sinking fund payments of \$89,500 with an interest rate of 1.79%. The final maturity of the bond is 2021.	1,642,400
Qualified School Construction Bond installment purchase contract for \$2,488,997 was issued in September 2011 with annual sinking fund payments of \$165,933 with an interest rate of 5.0%. The final maturity of the bond is September 2026.	2,488,997
Promissary note for \$258,000 was issued in August 2017 with monthly payments of \$9,215 with a 0% interest rate. The final maturity of the note is March 2025.	211,928
Total outstanding general obligation bonds payable	<u>\$ 27,308,325</u>

Of the original amount serviced by the County's governmental activities shown above, \$24,675,643 is considered to be school related debt.

The debt service to maturity on the governmental installment notes is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 2,527,524	\$ 780,224	\$ 3,307,748
2021	2,505,524	710,845	3,216,369
2022	2,483,524	641,912	3,125,436
2023	2,458,524	573,481	3,032,005
2024	2,432,524	507,675	2,940,199
2025-2029	12,487,373	1,280,423	13,767,796
2030-2031	2,413,332	93,517	2,506,849
Total	<u>\$ 27,308,325</u>	<u>\$ 4,588,077</u>	<u>\$ 31,896,402</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Capital Lease Payable

In 2018, the County entered into a lease agreement as lessee for financing the acquisition of new emergency management service equipment. The lease agreement qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

In 2019, the County entered into a lease agreement as a lessee for financing the acquisition of new patrol cars for the Sheriff Department. The lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inception.

As of June 30, 2019, the County has \$768,650 of vehicles and machinery and equipment under capital leases with accumulated depreciation of \$170,009. The amortization expense for these assets is included in depreciation expense.

The County's total capital lease debt service requirements to maturity are as follows:

Year Ending June 30,	Total Payments
2020	\$ 164,517
2021	164,517
2022	83,517
Total debt service payments	412,551
Interest payments	12,024
Principal portion	\$ 400,527

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Installment Notes Payable – Business-Type Activities

All installment notes payable, serviced by the County's Water Fund, are collateralized by full faith, credit, and taxing power of the County. The outstanding balances for the bonds as of June 30, 2019 are as follows:

	Balance as of June 30, 2019
<i>Governmental activities</i>	
\$3,250,000 - 2017 Refunding serial water bond, due in annual installments ranging from \$323,160 to \$301,323 through June 2028; interest at 2.23%.	\$ 14,480,000
\$6,800,000 - 2009 Water bond, due in annual installments ranging from \$151,393 to \$359,500 through June 2049; interest at 4.125%.	8,485,000
\$1,916,000 - 2011 Water bond, due in annual installments ranging from \$62,2270 to \$89,495 through June 2050; interest at 2.79%.	1,642,400
\$1,700,000 - Installment note, due in semi-annual installments ranging from \$252,402 to \$13,572 through February 2022, interest at 2.15%.	2,488,997
\$9,048,000 - 2012 Refunding serial water bond, due in semi-annual installments ranging from \$347,031 to \$694,062 through September 2028; interest at 2.79%.	211,928
Total outstanding installment notes payable	<u><u>\$ 27,308,325</u></u>

The debt service to maturity on the installment notes payable is as follows:

	Principal	Interest	Total
Year Ending June 30,			
2020	\$ 1,149,805	\$ 532,124	\$ 1,681,929
2021	1,176,803	501,112	1,677,915
2022	1,125,960	469,316	1,595,276
2023	1,040,716	439,426	1,480,142
2024	1,068,115	410,147	1,478,262
2025-2029	5,043,121	1,585,031	6,628,152
2030-2034	1,123,000	1,114,170	2,237,170
2035-2039	1,363,000	875,065	2,238,065
2040-2024	1,653,000	584,769	2,237,769
2045-2059	1,910,000	222,611	2,132,611
2050	45,000	1,463	46,463
Total	<u><u>\$ 16,698,520</u></u>	<u><u>\$ 6,735,234</u></u>	<u><u>\$ 23,433,754</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds Payable

Revenue bonds serviced by the County enterprise funds are as follows:

<i>Business-type activities</i>	Balance as of
<i>Water and Sewer Fund:</i>	June 30, 2019
\$2,687,000 Water revenue bond with annual payments ranging from \$46,000 to \$95,000 through June 2054 with an interest rate of 2.00%	\$ 2,454,000
Total outstanding revenue bonds payable	<u>\$ 2,454,000</u>

The debt service to maturity on the revenue bonds payable is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2020	\$ 49,000	\$ 49,080	\$ 98,080
2021	50,000	48,100	98,100
2022	51,000	47,100	98,100
2023	52,000	46,080	98,080
2024	53,000	45,040	98,040
2025-2029	282,000	208,880	490,880
2030-2034	312,000	179,480	491,480
2035-2039	344,000	147,040	491,040
2040-2044	379,000	111,240	490,240
2045-2049	420,000	71,720	491,720
2050-2054	462,000	28,020	490,020
Total	<u>\$ 2,454,000</u>	<u>\$ 981,780</u>	<u>\$ 3,435,780</u>

These bonds are secured with the operating revenues from the County's water system.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

State Revolving Loan Serviced by Enterprise Funds

The July 15, 2013 and January 1, 2015, the County was approved for maximum loan amounts of \$1,376,823 and \$925,632, respectively, from the U. S. Environmental Protection Agency passed through the North Carolina Department of Environment and Natural Resources under the Clean Water State Revolving Fund. The County has fully drawn on the loans. The loan proceeds are being used for the construction of an extension to the Water and Sewer System. The loan is being reported as long-term debt in business-type activities and is repayable at 0% for 20 year beginning six months after the completion of the project. Debt service on the loans are as follows:

	<u>Principal</u>
Year Ending June 30,	
2020	\$ 118,746
2021	118,746
2022	118,746
2023	118,746
2024	118,746
2025-2029	593,730
2030-2034	448,801
2035	46,282
Total	<u>\$ 1,682,543</u>

Landfill Closure and Postclosure

State and Federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. The County reported a liability for closure and postclosure care of its two landfills in the Solid Waste Fund of \$7,165,362. The County's construction and demolition landfill no longer accepts waste and is in the process of being capped. The ash monofill also no longer accepts waste and is in the process of being capped. The County has an agreement with Westmoreland, where they will pay 100% of the closure liability for the ash monofill, as well as 50% of the total corrective action costs once the landfill is closed. The County has recorded a receivable to offset this portion of Westmoreland's liability. The receivable of \$5,205,588 is reported in the Solid Waste Landfill Fund as of June 30, 2019. However, due to Westmoreland closing their location within the County and filing for bankruptcy, the County has fully allowed for the long term receivable.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND BALANCES AND TRANSFERS

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

Advance to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 200,000
		<u>\$ 200,000</u>

The 4-H Rural Life Fund has a payable to the General Fund for a reimbursement owed for prior financing sources provided to the fund. The balance is expected to be repaid within the next several fiscal years.

Interfund transfers:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor governmental funds	Water Fund	\$ 50,921
Nonmajor governmental funds	General Fund	600,000
		<u>\$ 650,921</u>
General Fund	Nonmajor governmental funds	\$ 92,837
General Fund	Solid Waste Landfill Fund	12,037
General Fund	Water Fund	15,101
General Fund	Internal Service	250,000
		<u>\$ 369,975</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS

Halifax County participates in three defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance (LEOSSA), and the Register of Deeds' Supplemental Pension Fund (RODSPF). Only the LGERS and RODSPF are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, and RODSPF are summarized as follows:

	LGERS	LEOSSA	RODSPF	Total
Net pension asset	\$ -	\$ -	\$ 68,826	\$ 68,826
Net pension liability	7,808,326	-	-	7,808,326
Total pension liability	-	1,673,256	-	1,673,256
Deferred outflows of resources related to pensions	5,977,017	132,484	20,312	6,129,813
Deferred inflows of resources related to pensions	125,359	90,371	3,587	219,317

A. Local Governmental Employees' Retirement System

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The 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 and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,608,639 for the year ended June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

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

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

At June 30, 2019, the County reported a liability of \$7,808,326 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.32914%, which was a decrease of 0.011745% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$2,132,788. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,204,639	\$ 40,422
Net difference between projected and actual earnings on pension plan investments	1,071,850	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,861	84,937
Changes in plan assumptions	2,072,028	-
County contributions subsequent to the measurement date	1,608,639	-
Total	<u>\$ 5,977,017</u>	<u>\$ 125,359</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

County contributions made subsequent to the measurement date of \$1,608,639, are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	\$ 2,071,179
2021	1,335,817
2022	222,063
2023	613,960
Total	<u>\$ 4,243,019</u>

Actuarial Assumptions. The total pension liability as of June 30, 2018 was determined by the December 31, 2017 actuarial valuation 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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 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%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. This represents a reduction from the discount rate used in the prior year rate of 7.20%. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

A. Local Governmental Employees' Retirement System (Continued)

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 18,756,277	\$ 7,808,326	\$ (1,339,952)

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.

B. Law Enforcement Officers Special Separation Allowance

Plan Description. Halifax 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. The Separation Allowance is administered by the State of North Carolina. 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. A separate report is not issued for the Plan.

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

Retirees receiving benefits	8
Active plan members	66
Total	<u>74</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

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

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

The discount rate used to measure the total pension liability is the Standard & Poor's 20-year Municipal Bond High Grade Rate Index. Since the prior measurement date, the discount rate has changed from 3.86% to 3.64% due to a change in the Municipal Bond Rate.

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.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. 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 \$109,584 as benefits came due for the reporting period.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

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 \$1,673,256. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$94,253. At June 30, 2019 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 65,422	\$ 72,223
Differences between expected and actual experience	9,017	18,148
County benefit payments made subsequent to the measurement date.	58,045	-
Total	<u>\$ 132,484</u>	<u>\$ 90,371</u>

An amount of \$58,045 reported as deferred outflows of resources related to pensions, resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2020	\$ (2,376)
2021	(2,376)
2022	(2,376)
2023	(372)
2024	(8,432)
Total	<u>\$ (15,932)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

B. Law Enforcement Officers Special Separation Allowance (Continued)

Changes in the Total Pension Liability. The changes in the total pension liability of the County for the fiscal year ended June 30, 2019 were as follows:

	<u>Total Pension Liability</u>
Balance at June 30, 2018	\$ 1,691,384
Service cost	83,804
Interest	51,845
Experience differences	10,835
Assumption changes	(63,187)
Benefit payments	(101,425)
Balance at June 30, 2019	<u>\$ 1,673,256</u>

The required schedule of changes in the County's total pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information.

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:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ 1,808,179	\$ 1,673,256	\$ 1,550,524

C. Register of Deeds' Supplemental Pension Fund

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

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 \$3,274 for the year ended June 30, 2019.

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 \$68,826 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 0.41554%, which was a decrease of 0.01230% from its proportion measured as of June 30, 2017.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (Continued)

For the year ended June 30, 2019, the County recognized pension expense of \$14,301. 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	\$ 607	\$ 3,141
Net difference between projected and actual earnings on pension plan investments	10,970	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,224	446
Changes in assumptions	3,237	-
County contributions subsequent to the measurement date	3,274	
Total	<u>\$ 20,312</u>	<u>\$ 3,587</u>

County contributions made subsequent to the measurement date of \$3,274 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2020	\$ 6,798
2021	1,715
2022	3,233
2023	1,705
Total	<u>\$ 13,451</u>

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 4.40%, including inflation.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLANS (CONTINUED)

C. Register of Deeds' Supplemental Pension Fund (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 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one 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 liability (asset)	\$ (54,265)	\$ (68,826)	\$ (81,105)

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.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Administration and Benefits. The County, as authorized by the County Commission, administers a single-employer defined benefit Postemployment Healthcare Benefits Plan (the "PHCB Plan"). The PHCB Plan is administered by the County management, under the direction of the County's Board of Commissioners. The County will provide, at its expense, medical insurance for all full time employees who retire with at least 30 years of retirement service with the North Carolina Local Governmental Employees' Retirement System (NCLGERS), of which the last 20 years of service must be with Halifax County. Employees with at least 20 years of Halifax County service who are retiring early, based on a disability approved by the NCLGERS will be provided medical insurance, at the County's expense, for a period of 18 months from the approved retirement date. Employees who are retiring with at least 20 years of Halifax County service may continue to participate in the County's health insurance plan by paying the full premium amount. Coverage will cease when the retiree reaches 65 years of age and is eligible for Medicare.

The County's Board of Commissioners established and may amend the benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the PHCB Plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Active participants	484
Retirees and beneficiaries currently receiving benefits	34
Total	<u>518</u>

Contributions. The Board of Commissioners has elected to fund the PHCB plan on a “pay as you go” basis. Plan members, once retired, contribute to the plan based on number of years of creditable service. Per a County resolution, the County is required to contribute the current year benefit costs of the Plan which are not paid by the retiree. For the year ended June 30, 2019, the County contributed \$328,109 for the pay as you go benefits for the PHCB Plan.

Total OPEB Liability of the County

The County’s total OPEB liability was measured as of June 30, 2018, as determined by an actuarial valuation as of June 30, 2017.

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

Discount Rate:	3.89%
Healthcare Cost Trend Rate:	7.50% - 5.00%, Ultimate Trend in 2023 (Pre-Medicare) 5. 50% - 5.00%, Ultimate Trend in 2020 (Medicare)
Inflation Rate:	2.50%
Salary increase:	3.50% to 7.35% (LEO) or 7.75% (other), including inflation
Participation rate:	20% to 100%, depending on length of service

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 2010-2014.

Discount rate. The discount rate used to measure the total OPEB liability was 3.89%. The rate was increased from the discount rate of 3.56% which was used for the prior measurement period. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.89% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability of the County. The changes in the components of the total OPEB liability of the County for the year ended June 30, 2019, were as follows:

	Total OPEB Liability
Balances at 6/30/18	\$ 9,219,983
Changes for the year:	
Service cost	377,728
Interest	321,917
Differences between expected and actual experience	(10,033)
Assumption Changes	(310,357)
Benefit payments	(357,883)
Net changes	21,372
Balances at 6/30/19	\$ 9,241,355

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

Sensitivity of the total OPEB liability to changes in the discount rate. 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 a discount rate that is 1-percentage-point lower (2.89%) or 1-percentage-point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 10,220,069	\$ 9,241,355	\$ 8,372,295

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 (6.5% decreasing to 4.0%) or 1-percentage-point higher (8.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (6.5% to 4.0%)	Current (7.5% to 5.0%)	1% increase (8.5% to 6.0%)
Total OPEB liability	\$ 8,138,450	\$ 9,241,355	\$ 10,564,499

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019 and the current sharing pattern of costs between employer and inactive employees.

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 \$549,903. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,169	\$ 8,811
Changes in assumptions	-	672,643
Benefits paid subsequent to measurement period	328,109	-
Total	<u>\$ 440,278</u>	<u>\$ 681,454</u>

Benefits paid by the County subsequent to the measurement date of \$328,109 are reported as deferred outflows of resources and will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	\$ (85,389)
2021	(85,389)
2022	(85,389)
2023	(85,389)
2024	(85,389)
Thereafter	(142,340)
Total	<u>\$ (569,285)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County is insured through the North Carolina Association of County Commissioners with claims

The County obtained blanket property insurance coverage of \$73,720,649 with a limit of 100% of the applicable building or personal property limit in any one occurrence. Replacement cost, subject to limitations, applies to all types of covered property excluding buildings and business personal property, which have actual cash values. The County has a \$4,000,000 general aggregate limit for commercial general liability coverage. There have been no significant reductions in insurance coverage in the prior years.

The County does not carry flood insurance.

The County is self-insured for employee health and accident insurance. Premiums are paid into the Internal Service 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. The County has stop-loss insurance coverage with a commercial insurance company for claims that exceed \$85,000. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Claim Liability	Beginning Liability	Current Year Claims	Claims Paid	Ending Liability
June 30, 2019	\$ 761,975	\$ 4,849,437	\$ 4,994,119	\$ 617,293
June 30, 2018	\$ 769,342	\$ 3,858,869	\$ 3,866,236	\$ 761,975

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and the County Manager are each individually bonded for \$25,000, while the Register of Deeds and Tax Collector are each individually bonded for \$10,000 and \$100,000, respectively. The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Litigation:

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Grant Contingencies:

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

Construction Commitments:

The County has two active construction projects as of June 30, 2019 with contractual commitments on the uncompleted contract of approximately \$77,296.

NOTE 12. JOINTLY GOVERNED ORGANIZATIONS

Upper Coastal Plains Council of Governments. The County, along with three other counties and thirty-two municipalities jointly govern the Upper Coastal Plains Council of Governments, which is also referred to as the Region L Council ("Council"). The participating governments established the Council to coordinate funding received from various federal and state agencies. The County paid membership fees and professional service fees of \$23,840 to the council during the fiscal year ended June 30, 2019.

Halifax Community College. Halifax County, Halifax County Board of Education, and the State of North Carolina participate in a joint venture to operate Halifax Community College ("The College"). Each participant appoints four members to the board, with the thirteenth member being the College's student government association president. The County provides financial support for the College's operations. The County has an ongoing financial responsibility for the College because of the statutory responsibilities to provide funding for the College's facilities. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2019, the County contributed \$1,304,378 for operating purposes and capital outlay. Complete financial statements may be obtained from the College's administrative office at Highway 158, Weldon, North Carolina 27890

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURES

Choanoke Public Transportation Authority. Counties Halifax, Bertie, Herford, and Northampton, participate in a joint venture to operate the Choanoke Public Transportation Authority ("The Transportation Authority"). Halifax County appoints three members to the board, and the other Counties each appoint two members. The Counties are legally obligated under the intergovernmental agreement that created the Transportation Authority to honor any deficiencies in the even that proceeds from other default remedies are insufficient. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2019, the County contributed \$191,079 for operating purposes. Complete financial statements may be obtained from the Transportation Authority's administrative office at 106 North main Street, Rich Square, North Carolina 27869.

Halifax-Northampton Regional Airport Authority. Halifax County, Northampton County, and the City of Roanoke Rapids participate in a joint venture to operate the Halifax-Northampton Regional Airport Authority ("The Airport"). Halifax County appoints two members to the board. The County has an ongoing financial responsibility to the Airport for its operational funding. There is no equity interest recognized by any participant. During the fiscal year ended June 30, 2019, the County contributed \$40,000 for operating purposes. Complete financial statements may be obtained from the Airport's administrative office at 700 Gregory Farm Road, Halifax North Carolina 27839.

NOTE 14. SUBSEQUENT EVENT

In September 2019, the County sold substantially all of the assets used in the operation of the Home Health & Hospice of Halifax for \$350,000. After the close of the sale, the County is required to place \$50,000 in a Restricted Fund Balance account to secure indemnification obligations in relation to the sale of the assets.

NOTE 15. CHANGE IN REPORTING ENTITY

The County determined that a change in reporting entity was necessary to combine the following funds into one fund, the Economic Development Fund:

	Fund Balance as of June 30, 2018
Manning School Project Fund	\$ 1,139,229
Klausner Lumber Two Project Fund	92,837
Project Freebird	616,156
Beginning fund balance for the Economic Development Fund	<u>\$ 1,848,222</u>

REQUIRED SUPPLEMENTARY INFORMATION

HALIFAX COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2019	2018
Total OPEB liability		
Service cost	\$ 377,728	\$ 412,915
Interest on total OPEB liability	321,917	275,655
Difference between expected and actual experience	(10,033)	148,293
Changes of assumptions and other inputs	(310,357)	(528,942)
Benefit payments	(357,883)	(488,196)
Net change in total OPEB liability	21,372	(180,275)
Total OPEB liability - beginning	9,219,983	9,400,258
Total OPEB liability - ending	\$ 9,241,355	\$ 9,219,983
Covered payroll	\$ 22,689,082	\$ 18,532,504
Total OPEB liability as a percentage of covered payroll	40.7%	49.8%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The County is not accumulating assets in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

HALIFAX COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SIX FISCAL YEARS*

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017
County's proportion of the net pension liability (asset) (%)	0.32914%	0.33659%	0.34813%
County's proportion of the net pension liability (asset) (\$)	\$ 7,808,326	\$ 5,142,163	\$ 7,388,485
County's covered payroll	\$ 21,024,756	\$ 21,387,061	\$ 21,143,405
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.14%	24.04%	34.94%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%
	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.34115%	0.33898%	0.34810%
County's proportion of the net pension liability (asset) (\$)	\$ 1,531,061	\$ (1,999,122)	\$ 4,195,942
County's covered payroll	\$ 20,409,317	\$ 20,433,406	\$ 19,174,991
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	7.50%	(9.78%)	21.88%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST SIX FISCAL YEARS

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017
Contractually required contribution	\$ 1,608,639	\$ 1,635,512	\$ 1,582,517
Contributions in relation to the contractually required contribution	1,608,639	1,635,512	1,582,517
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 19,813,447	\$ 21,024,756	\$ 21,387,061
Contributions as a percentage of covered payroll	8.12%	7.78%	7.40%
	2016	2015	2014
Contractually required contribution	\$ 1,429,886	\$ 1,439,526	\$ 1,438,766
Contributions in relation to the contractually required contribution	1,429,886	1,439,526	1,438,766
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 21,143,405	\$ 20,409,317	\$ 20,433,406
Contributions as a percentage of covered payroll	6.76%	7.05%	7.04%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Valuation date	December 31, 2017
Actuarial cost method	Frozen Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 years
Asset valuation method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	3.50 – 8.10%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

HALIFAX COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY JUNE 30, 2019

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	2019	2018	2017
Beginning balance of the total pension liability	\$ 1,691,384	\$ 1,586,970	\$ 1,579,681
Service Cost	83,804	69,552	77,159
Interest on the total pension liability	51,845	59,401	54,829
Difference between expected and actual experience	10,835	(27,504)	-
Changes of assumptions or other inputs	(63,187)	99,146	(36,966)
Benefit payments	(101,425)	(96,181)	(87,733)
Ending balance of the total pension liability	<u>\$ 1,673,256</u>	<u>\$ 1,691,384</u>	<u>\$ 1,586,970</u>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST THREE FISCAL YEARS

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,673,256	\$ 1,691,384	\$ 1,586,970
County's covered payroll	\$ 2,875,635	\$ 2,854,139	\$ 2,682,099
Total pension liability as a percentage of covered-employee payroll	58.19%	59.26%	59.17%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST SIX FISCAL YEARS*

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2019	2018	2017
County's proportion of the net pension asset (%)	0.41554%	0.42784%	0.42215%
County's proportion of the net pension liability (asset) (\$)	\$ (68,826)	\$ (73,208)	\$ (78,925)
County's covered payroll	\$ 61,939	\$ 87,076	\$ 89,433
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-111.12%	-84.07%	-88.25%
Plan fiduciary net position as a percentage of the total pension liability	153.77%	153.77%	160.17%
	2016	2015	2014
County's proportion of the net pension asset (%)	0.43917%	0.42865%	0.40189%
County's proportion of the net pension liability (asset) (\$)	\$ (101,773)	\$ (97,158)	\$ (85,844)
County's covered payroll	\$ 84,819	\$ 84,385	\$ 81,119
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-119.99%	-115.14%	-105.82%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS LAST SIX FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	2019	2018	2017
Contractually required contribution	\$ 3,274	\$ 3,556	\$ 3,717
Contributions in relation to the contractually required contribution	3,274	3,556	3,717
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 66,714	\$ 61,939	\$ 87,076
Contributions as a percentage of covered payroll	4.91%	5.74%	4.27%
	2016	2015	2014
Contractually required contribution	\$ 3,449	\$ 3,514	3500
Contributions in relation to the contractually required contribution	3,449	3,514	3,500
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 89,433	\$ 84,819	\$ 84,385
Contributions as a percentage of covered payroll	3.86%	4.14%	4.15%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

HALIFAX COUNTY, NORTH CAROLINA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Method and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of contributions are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Valuation date	December 31, 2017
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	30
Asset valuation method	Asset returns in excess of or less than the expected return on market value of assets reflected over a five-year period (not greater than 120% of market value and not less than 80% of market value)
Inflation rate	3.00%
Salary increases	3.50 – 7.75%, including inflation
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Emergency Telephone System Fund -accounts for collection of monies to provide enhanced 911 services

Our Community Hospital Center Fund –accounts for the ad valorem tax levies for the hospital

Weldon School District Fund –accounts for the ad valorem tax levies for the Weldon School District

Local Fire Districts Fund -accounts for the collection of special fire district taxes that are returned quarterly to the fire districts on a budgeted basis.

Roanoke Rapids School Graded District Fund –accounts for the ad valorem tax levies for the Roanoke Rapids School District

Halifax County School District Fund –accounts for the ad valorem tax levies for the Halifax County School District

Capital Project Funds

Economic Development Fund – accounts for projects supporting economic development in the area for which assets will not be owned or used by the County.

RPO Peanut Belt Capital Project Fund – accounts for the economic development projects of the Peanut Belt Planning Organization

CDBG Infrastructure Aeration System Project Fund – accounts for expenditures incurred on the project along with the federal and state funding received associated with the project costs.

4-H Rural Life Project Fund – accounts for the local grants and contributions to aid in the funding of the project costs.

HALIFAX COUNTY, NORTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2019

ASSETS	Special Revenue Funds				
	Emergency Telephone System	Our Community Hospital Center	Weldon School District	Fire District	Roanoke Rapids School Graded District
Cash and cash equivalents	\$ 281,842	\$ 553	\$ 9,725	\$ 37,775	\$ 7,743
Taxes receivable	-	42,101	100,265	122,680	71,180
Accounts receivable	27,804	19,730	71,140	80,762	20,035
Due from other governments	27,569	-	-	-	-
Prepays	-	-	-	-	-
Total assets	<u>\$ 337,215</u>	<u>\$ 62,384</u>	<u>\$ 181,130</u>	<u>\$ 241,217</u>	<u>\$ 98,958</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued liabilities	\$ 20,250	\$ 20,283	\$ 80,865	\$ 118,537	\$ 27,778
Advances from other funds	-	-	-	-	-
Total liabilities	<u>20,250</u>	<u>20,283</u>	<u>80,865</u>	<u>118,537</u>	<u>27,778</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - ad valorem	-	42,101	100,265	122,680	71,180
Total deferred inflows of resources	<u>-</u>	<u>42,101</u>	<u>100,265</u>	<u>122,680</u>	<u>71,180</u>
FUND BALANCES					
Nonspendable - prepaid items	-	-	-	-	-
Restricted:					
Stabilization by State Statute	55,373	-	-	-	-
Public safety	261,592	-	-	-	-
Economic and physical development	-	-	-	-	-
Assigned:					
Economic and physical development	-	-	-	-	-
Total fund balances	<u>316,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 337,215</u>	<u>\$ 62,384</u>	<u>\$ 181,130</u>	<u>\$ 241,217</u>	<u>\$ 98,958</u>

(continued)

Special Revenue Funds	Capital Project Funds				Total Nonmajor Governmental Funds
Halifax County School District	Economic Development	RPO Peanut Belt Capital Project	CDBG Aeration Project	4-H Rural Life	
\$ 51,776	\$ 1,401,882	\$ 82,776	\$ 49,881	\$ 199,208	\$ 2,123,161
72,477	-	-	-	-	408,703
117,989	200,000	14,249	-	-	551,709
-	6,997	292	3,370	792	39,020
-	-	200	-	-	200
<u>\$ 242,242</u>	<u>\$ 1,608,879</u>	<u>\$ 97,517</u>	<u>\$ 53,251</u>	<u>\$ 200,000</u>	<u>\$ 3,122,793</u>
\$ 169,765	\$ 8,559	\$ 454	\$ -	\$ -	\$ 446,491
-	-	-	-	200,000	200,000
<u>169,765</u>	<u>8,559</u>	<u>454</u>	<u>-</u>	<u>200,000</u>	<u>646,491</u>
72,477	-	-	-	-	408,703
<u>72,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,703</u>
-	-	200	-	-	200
-	-	-	-	-	55,373
-	-	-	-	-	261,592
-	399,224	96,863	-	-	496,087
-	1,201,096	-	53,251	-	1,254,347
-	1,600,320	97,063	53,251	-	2,067,599
<u>\$ 242,242</u>	<u>\$ 1,608,879</u>	<u>\$ 97,517</u>	<u>\$ 53,251</u>	<u>\$ 200,000</u>	<u>\$ 3,122,793</u>

HALIFAX COUNTY, NORTH CAROLINA

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

	Special Revenue Funds				
	Emergency Telephone System	Our Community Hospital Center	Weldon School District	Fire District	Roanoke Rapids School Graded District
REVENUES					
Property taxes	\$ -	\$ 24,476	\$ 1,233,002	\$ 1,414,644	\$ 2,067,440
Sales tax	-	79,724	354,635	266,580	-
Other taxes	-	-	-	-	-
Intergovernmental revenues	333,646	-	-	-	-
Investment earnings	7,160	-	-	-	-
Total revenues	<u>340,806</u>	<u>104,200</u>	<u>1,587,637</u>	<u>1,681,224</u>	<u>2,067,440</u>
EXPENDITURES					
Public safety	577,124	-	-	1,681,224	-
Human services	-	104,200	-	-	-
Education	-	-	1,587,637	-	2,067,440
Economic and physical development	-	-	-	-	-
Total expenditures	<u>577,124</u>	<u>104,200</u>	<u>1,587,637</u>	<u>1,681,224</u>	<u>2,067,440</u>
Excess (deficiency) of revenues over expenditures	(236,318)	-	-	-	-
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(236,318)	-	-	-	-
FUND BALANCES, beginning of year, restated	<u>553,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 316,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

Special Revenue Funds					
Capital Project Funds					Total Nonmajor Governmental Funds
Halifax County School District	Economic Development	RPO Peanut Belt Capital Project	CDBG Aeration Project	4-H Rural Life	
\$ 1,808,787	\$ -	\$ -	\$ -	\$ -	\$ 6,548,349
-	-	-	-	-	700,939
616,949	-	-	-	-	616,949
-	200,000	65,603	67,649	180,000	846,898
-	42	-	-	-	7,202
2,425,736	200,042	65,603	67,649	180,000	8,720,337
-	-	-	-	-	2,258,348
-	-	-	-	-	104,200
2,425,736	940,047	-	-	-	7,020,860
-	15,060	66,540	125,602	190,645	397,847
2,425,736	955,107	66,540	125,602	190,645	9,781,255
-	(755,065)	(937)	(57,953)	(10,645)	(1,060,918)
-	600,000	-	50,921	-	650,921
-	(92,837)	-	-	-	(92,837)
-	507,163	-	50,921	-	558,084
-	(247,902)	(937)	(7,032)	(10,645)	(502,834)
-	1,848,222	98,000	60,283	10,645	2,570,433
\$ -	\$ 1,600,320	\$ 97,063	\$ 53,251	\$ -	\$ 2,067,599

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Ad valorem taxes:				
Taxes	\$ 27,300,000	\$ 27,300,000	\$ 28,065,549	\$ 765,549
Tax penalties and interest	200,000	200,000	196,733	(3,267)
Total ad valorem taxes	27,500,000	27,500,000	28,262,282	762,282
Other taxes and licenses:				
Local option sales tax	9,260,000	9,260,000	9,819,409	559,409
Cable franchise tax	90,000	90,000	85,053	(4,947)
	9,350,000	9,350,000	9,904,462	554,462
Unrestricted intergovernmental revenues:				
Fines and forfeitures	150,000	200,700	190,536	(10,164)
Beer and wine tax	125,000	125,000	129,430	4,430
Total unrestricted intergovernmental revenues	275,000	325,700	319,966	(5,734)
Restricted intergovernmental revenues:				
Federal and State grants	701,647	1,238,411	1,219,808	(18,603)
North Carolina ADM allocation	200,000	200,000	200,000	-
Lottery proceeds	-	330,000	760,898	430,898
Halifax ABC revenue	167,000	198,248	216,849	18,601
Total restricted intergovernmental revenues	1,068,647	1,966,659	2,397,555	430,896
Permits and fees:				
Facility fees	60,000	60,000	67,612	7,612
Building inspection fees	225,000	225,000	226,190	1,190
Register of deed's fees	253,500	253,500	280,655	27,155
Other fees and rents	1,354,091	1,457,318	1,373,274	(84,044)
Total permits and fees	1,892,591	1,995,818	1,947,731	(48,087)
Sales and Services:				
Occupancy tax administration	800,000	898,058	928,761	30,703
Jail fees	90,500	90,500	76,907	(13,593)
Central communications	497,772	497,772	497,772	-
Other sales and services	24,151	24,151	4,268	(19,883)
Total sales and services revenues	1,412,423	1,510,481	1,507,708	(2,773)
Investment earnings	60,000	60,000	661,552	601,552
Miscellaneous revenues:	220,410	750,052	814,439	64,387
Total revenues	41,779,071	43,458,710	45,815,695	2,356,985

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Expenditures				
General government:				
Governing body				
Salaries and employee benefits	113,830	439,433	439,433	-
Operating expenditures	77,595	81,748	69,045	12,703
Total	191,425	521,181	508,478	12,703
Administration				
Salaries and employee benefits	542,970	538,386	520,516	17,870
Operating expenditures	58,026	61,966	30,686	31,280
Total	600,996	600,352	551,202	49,150
Human resources				
Salaries and employee benefits	231,180	241,523	227,317	14,206
Operating expenditures	18,140	24,510	17,808	6,702
Total	249,320	266,033	245,125	20,908
Finance				
Salaries and employee benefits	482,420	489,312	486,504	2,808
Operating expenditures	41,414	40,171	27,980	12,191
Total	523,834	529,483	514,484	14,999
Tax administration				
Salaries and employee benefits	1,074,224	1,088,856	1,076,927	11,929
Operating expenditures	266,635	379,460	275,048	104,412
Capital outlay	-	6,600	6,515	85
Total	1,340,859	1,474,916	1,358,490	116,341
Tax revaluation				
Salaries and employee benefits	-	128,244	125,190	3,054
Operating expenditures	-	236,649	61,045	175,604
Capital outlay	-	30,000	24,797	5,203
Total	-	394,893	211,032	183,861
Legal				
Salaries and employee benefits	238,543	245,046	245,046	-
Operating expenditures	19,398	36,415	27,794	8,621
Total	257,941	281,461	272,840	8,621
Elections				
Salaries and employee benefits	166,964	167,577	138,000	29,577
Operating expenditures	165,020	160,290	116,146	44,144
Capital outlay	-	164,647	164,647	-
Total	331,984	492,514	418,793	73,721

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Register of deeds				
Salaries and employee benefits	311,735	314,628	312,193	2,435
Operating expenditures	94,116	110,887	88,908	21,979
Total	405,851	425,515	401,101	24,414
Information technology services				
Salaries and employee benefits	257,167	258,918	256,148	2,770
Operating expenditures	402,427	409,858	296,464	113,394
Capital outlay	23,000	116,000	95,374	20,626
Total	682,594	784,776	647,986	136,790
Maintenance and repairs - public buildings				
Operating expenditures	508,658	639,972	508,385	131,587
Capital outlay	152,500	173,457	70,827	102,630
Total	661,158	813,429	579,212	234,217
Operations				
Salaries and employee benefits	920,467	928,887	863,442	65,445
Operating expenditures	92,364	99,947	75,020	24,927
Capital outlay	20,000	72,471	72,471	-
Total	1,032,831	1,101,305	1,010,933	90,372
Non-departmental expenditures				
Operating expenditures	2,079,695	2,248,044	1,452,311	795,733
Other general government				
Agriculture complex	34,790	35,242	35,242	-
Amphitheater	2,200	2,200	-	2,200
CADA	15,000	15,000	15,000	-
Community corrections building	16,802	16,802	14,225	2,577
Court service	93,852	93,852	82,875	10,977
Criminal justice building	10,679	10,679	10,502	177
CTPA	17,500	17,500	17,500	-
Fuel center	7,593	7,593	3,055	4,538
Historic Courthouse	77,262	131,154	75,608	55,546
Judicial services	17,219	15,533	11,253	4,280
Magistrates	7,940	7,940	7,940	-
Permits and inspections	8,742	8,742	6,501	2,241
Public buildings	11,090	11,090	8,240	2,850
Rural life complex	17,400	16,948	15,349	1,599
Total	338,069	390,275	303,290	86,985
Total general government:	8,696,557	10,324,177	8,475,277	1,848,815

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Public safety:				
Sheriff				
Salaries and employee benefits	4,377,589	4,469,284	4,343,611	125,673
Operating expenditures	756,275	954,743	906,049	48,694
Capital outlay	81,000	260,471	260,471	-
Total	5,214,864	5,684,498	5,510,131	174,367
Jail				
Salaries and employee benefits	1,656,042	1,567,312	1,466,791	100,521
Operating expenditures	1,173,472	1,365,611	1,299,948	65,663
Capital outlay	-	-	-	-
Total	2,829,514	2,932,923	2,766,739	166,184
Emergency management				
Salaries and employee benefits	78,827	79,889	78,865	1,024
Operating expenditures	19,864	19,345	12,305	7,040
Total	98,691	99,234	91,170	8,064
Central communications				
Salaries and employee benefits	1,229,385	1,262,240	1,262,240	-
Operating expenditures	137,780	114,026	111,331	2,695
Total	1,367,165	1,376,266	1,373,571	2,695
Planning & inspections				
Salaries and employee benefits	390,376	393,233	377,970	15,263
Operating expenditures	47,098	46,175	33,534	12,641
Total	437,474	439,408	411,504	27,904
Planning board				
Salaries and employee benefits	3,175	3,175	698	2,477
Board of adjustment				
Salaries and employee benefits	3,573	3,573	1,263	2,310
Fire department allocations				
Fire departments and rescue squads	79,000	79,000	79,000	-
Other public safety				
Boards & commissioners	200	200	-	200
Controlled substance	32,000	32,000	3,989	28,011
Coroner	60,000	74,100	74,100	-
Drug enforcement	200	200	-	200
Drug task force	4,000	4,000	-	4,000
DTF - federal asset	5,000	5,000	-	5,000
DTF- controlled substance	9,000	9,000	3,196	5,804
Emergency management supplement	-	85,217	35,766	49,451
Federal asset forfeiture	100,000	100,000	62,849	37,151
Outside allocations	25,500	25,500	25,500	-
Tier II LEPC grant	-	1,946	947	999
911 Back-up Project	-	-	-	-
Total	235,900	337,163	206,347	130,816
Total public safety	10,269,356	10,955,240	10,440,423	514,817

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Economic and physical development:				
Development communications				
Salaries and employee benefits	202,657	205,648	198,819	6,829
Operating expenditures	108,801	115,029	80,546	34,483
Total	311,458	320,677	279,365	41,312
Tourism				
Salaries and employee benefits	5,101	5,101	5,101	-
Co-Op/Farmers' market				
Salaries and employee benefits	1,974	2,606	2,578	28
Operating expenditures	1,026	2,618	2,369	249
Total	3,000	5,224	4,947	277
Co-Op extension				
Salaries and employee benefits	239,742	239,898	228,288	11,610
Operating expenditures	34,455	42,788	40,178	2,610
Total	274,197	282,686	268,466	14,220
Rural life				
Salaries and employee benefits	44,899	46,024	46,023	1
Operating expenditures	27,497	26,393	26,333	60
Total	72,396	72,417	72,356	61
Natural Resources				
Salaries and employee benefits	169,783	171,187	147,803	23,384
Operating expenditures	11,364	12,083	9,018	3,065
Total	181,147	183,270	156,821	26,449
Other economic and physical development				
4-H account	1,500	16,170	4,867	11,303
AgCar farm grant	-	4,000	-	4,000
County extension	2,000	20,512	3,149	17,363
CREP	-	40,672	3,749	36,923
Economic development incentives	12,571	12,571	12,570	1
Extension agent	800	26,096	3,472	22,624
Farm and ranchlands	-	14,632	-	14,632
Forestry	114,066	114,066	102,278	11,788
Halifax helps	-	370	78	292
Halifax helps FY18	-	2,000	-	2,000
Market based conservation	-	10,725	-	10,725
Monsanto grant	-	650	-	650
No till	-	7,368	444	6,924
NRCS equipment I	-	17,433	17,433	-
NRCS equipment II	-	41,786	15,243	26,543
Outside allocations	47,000	47,000	38,750	8,250
RV Chamber of Commerce	-	46,890	38,665	8,225
Soil health	-	5,218	-	5,218
Total	177,937	428,159	240,698	187,461
Total economic and physical development	1,025,236	1,297,534	1,027,754	269,780

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Human services:				
Operation Restart - restitution				
Salaries and employee benefits	57,770	58,442	58,442	-
Operating expenditures	18,124	15,707	15,707	-
Total	75,894	74,149	74,149	-
Operation restart				
Salaries and employee benefits	91,444	72,871	72,871	-
Operating expenditures	12,950	16,062	16,062	-
Total	104,394	88,933	88,933	-
Student incentive				
Salaries and employee benefits	75,477	78,194	70,549	7,645
Operating expenditures	9,900	17,770	17,467	303
Total	85,377	95,964	88,016	7,948
Elderly transportation				
Operating expenditures	-	178,364	178,364	-
Total	-	178,364	178,364	-
Other human services				
Aging	72,613	74,632	56,410	18,222
Council on aging	16,575	22,862	22,619	243
Council on aging donations - MoW	-	6,849	6,561	288
Home and community care block grant	292,174	361,788	356,053	5,735
JCPC advisory board	-	2,000	2,000	-
JCPC grant	-	45,656	45,656	-
Mental health	42,000	46,155	38,400	7,755
Outside allocations	400	400	-	400
Veterans office	57,873	61,489	61,031	458
Senior health insurance grant FY19	-	9,126	8,653	473
Senior health insurance MIPPA grant FY18	-	3,227	3,182	45
Total	481,635	634,184	600,565	33,619
Total human services	747,300	1,071,594	1,030,027	41,567

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Cultural and recreational:				
Library				
Salaries and employee benefits	538,724	549,447	535,670	13,777
Operating expenditures	121,511	140,219	115,381	24,838
Total	660,235	689,666	651,051	38,615
Other cultural and recreational				
Adult literacy	-	2,900	360	2,540
Amphitheater	-	143,360	136,204	7,156
Outside allocations	1,000	1,000	1,000	-
Total	1,000	147,260	137,564	9,696
Total cultural and recreational	661,235	836,926	788,615	48,311
Education				
Public school - current expenditures	5,587,231	5,665,024	5,654,860	10,164
Public school - capital outlay	1,092,106	1,092,106	1,092,106	-
Community college - current expenditures	1,187,851	1,187,851	1,187,851	-
Community college - capital outlay	255,027	255,027	255,027	-
ADM - public school building fund	-	767,072	564,400	202,672
Total education	8,122,215	8,967,080	8,754,244	212,836
Debt Service				
Principal	2,785,533	2,866,533	2,629,935	236,598
Interest	823,790	823,997	801,217	22,780
Total debt service	3,609,323	3,690,530	3,431,152	259,378
Total expenditures	33,131,222	37,143,081	33,947,492	3,195,504
Excess (deficiency) of revenues over expenditures	8,647,849	6,315,629	11,868,203	5,552,489
Other financing sources (uses)				
Issuance of capital lease	-	243,000	243,000	
Transfers in	1,413,778	4,511,266	4,508,922	(2,344)
Transfers out	(11,759,431)	(16,259,118)	(16,106,968)	152,150
Appropriated fund balance	1,697,804	5,189,223	-	(5,189,223)
Total other financing sources (uses)	(8,647,849)	(6,315,629)	(11,355,046)	(5,039,417)
Net change in fund balances	\$ -	\$ -	513,157	\$ 513,072
Net change in fund balance from consolidated funds:				
Public health department			560,591	
Social services department			(1,733,798)	
Emergency services management department			24,275	
Reassessment fund			60,302	
911 backup project			3,612,764	
Jail expansion project			304,000	
General Fund, net change in fund balance			<u>\$ 3,341,291</u>	

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Restricted intergovernmental	\$ 4,615,214	\$ 4,437,456	\$ 4,298,412	\$ (139,044)
Sales and services	4,688	4,688	21,754	17,066
Miscellaneous revenue	5,839	5,839	9,726	3,887
Total revenues	4,625,741	4,447,983	4,329,892	(118,091)
Expenditures:				
Human services:				
General:				
Salaries and employee benefits	588,495	276,776	220,452	56,324
Operating expenditures	143,457	248,820	160,382	88,438
Total	731,952	525,596	380,834	144,762
Animal control:				
Salaries and employee benefits	229,270	221,178	220,073	1,105
Operating expenditures	60,400	49,098	43,946	5,152
Capital outlay	28,000	27,357	27,357	-
Total	317,670	297,633	291,376	6,257
AIDS control:				
Salaries and employee benefits	300,140	304,794	250,617	54,177
Operating expenditures	41,100	42,009	18,066	23,943
Total	341,240	346,803	268,683	78,120
Tuberculosis control:				
Salaries and employee benefits	72,897	93,069	89,721	3,348
Operating expenditures	35,250	30,467	19,418	11,049
Total	108,147	123,536	109,139	14,397
Communicable disease:				
Salaries and employee benefits	89,159	89,159	82,856	6,303
Operating expenditures	6,900	6,722	5,222	1,500
Total	96,059	95,881	88,078	7,803
Home health:				
Salaries and employee benefits	610,336	555,494	552,501	2,993
Operating expenditures	325,150	444,189	379,529	64,660
Capital outlays	20,000	-	-	-
Total	955,486	999,683	932,030	67,653
Hospice:				
Salaries and employee benefits	314,353	248,937	236,913	12,024
Operating expenditures	101,094	103,257	84,945	18,312
Total	415,447	352,194	321,858	30,336
Adult health/diabetes:				
Salaries and employee benefits	189,658	56,949	33,546	23,403
Operating expenditures	76,500	140,677	45,424	95,253
Total	266,158	197,626	78,970	118,656

continued

HALIFAX COUNTY, NORTH CAROLINA

GENERAL FUND - PUBLIC HEALTH DEPARTMENT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Maternity:				
Salaries and employee benefits	251,857	250,750	229,311	21,439
Operating expenditures	110,966	164,430	106,915	57,515
Total	362,823	415,180	336,226	78,954
Family planning:				
Salaries and employee benefits	421,476	379,132	358,566	20,566
Operating expenditures	169,038	178,218	132,008	46,210
Total	590,514	557,350	490,574	66,776
Child services coordinator:				
Salaries and employee benefits	125,398	133,808	133,808	-
Operating expenditures	7,150	7,150	2,385	4,765
Total	132,548	140,958	136,193	4,765
Child health:				
Salaries and employee benefits	208,539	251,311	232,834	18,477
Operating expenditures	205,513	139,300	109,961	29,339
Total	414,052	390,611	342,795	47,816
Environmental health:				
Salaries and employee benefits	425,341	516,009	512,701	3,308
Operating expenditures	17,210	12,300	11,360	940
Total	442,551	528,309	524,061	4,248
Other human services:				
Babies easy safe sleep training program	63,559	63,542	63,542	-
Baby love plus	128,384	190,151	155,463	34,688
Bioterrorism	41,223	40,816	40,816	-
Capital outlay - miscellaneous	3,000	2,998	2,998	-
Catch grant	198,158	207,564	176,052	31,512
Child health - BESST AA	42,638	50,095	42,829	7,266
Diabetes	13,381	16,915	12,455	4,460
Folic acid grant	192,022	193,756	187,745	6,011
Health community program	39,946	39,964	39,966	(2)
Health working and wellness	56,691	40,159	36,564	3,595
Immunization action plan	78,277	85,384	83,585	1,799

continued

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Other human services (continued):				
Minority Diabetes Prevention	\$ 9,740	\$ 10,909	\$ 10,003	\$ 906
Ready Set Baby	14,959	12,266	8,149	4,117
Ready, set, baby	2,742	-	-	-
RR SNFI school nurse	150,000	150,000	150,000	-
Serve safe	4,000	6,767	4,587	2,180
Smart start	15,601	15,670	15,294	376
Triple P	351,177	399,563	398,940	623
Weldon SNFI school nurse	100,000	100,000	79,950	20,050
WIC - administration	11,366	12,003	11,998	5
WIC - breastfeeding	23,322	27,140	27,140	-
WIC - client services	246,787	264,651	261,947	2,704
WIC - nutrition ed	70,370	73,134	71,916	1,218
Total other	1,857,343	2,003,447	1,881,939	121,508
Total human services	7,031,990	6,974,807	6,182,756	792,051
Excess of revenues over expenditures	(2,406,249)	(2,526,824)	(1,852,864)	673,960
Other financing sources (uses)				
Transfers in	2,461,106	2,544,470	2,468,312	(76,158)
Transfer out	(54,857)	(54,857)	(54,857)	-
Appropriated fund balance	-	37,211	-	(37,211)
Total other financing sources (uses)	2,406,249	2,526,824	2,413,455	(113,369)
Net change in fund balances	\$ -	\$ -	\$ 560,591	\$ 560,591

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Restricted intergovernmental	\$ 10,726,795	\$ 11,129,268	\$ 8,953,799	\$ (2,175,469)
Permits and fees	-	-	8,411	8,411
Miscellaneous	-	2,340	2,340	-
Total revenues	10,726,795	11,131,608	8,964,550	(2,167,058)
Expenditures:				
Human services:				
General:				
Salaries and employee benefits	9,808,346	9,902,979	9,415,305	487,674
Operating expenditures	1,059,202	1,027,602	710,866	316,736
Capital outlay	-	55,377	24,134	31,243
Total	10,867,548	10,985,958	10,150,305	835,653
Other human services:				
4D-purchase	-	433,937	28,035	405,902
Adoption promotion	-	4,430	1,957	2,473
Adoptive assistance	75,893	75,893	57,796	18,097
Aid to the blind	6,812	7,406	7,406	-
CBA for foster care	343,000	358,000	280,748	77,252
Chore services	11,629	11,629	10,950	679
CP&L energy	4,928	4,061	2,587	1,474
Crisis intervention	363,121	450,911	448,811	2,100
Daycare	2,317,960	2,317,960	57,715	2,260,245
Family planning	10,000	10,000	7,464	2,536
Family reunification	-	10,000	3,319	6,681
Fees and refunds	-	40,027	4,592	35,435
Home and community care block grant	314,135	292,113	292,112	1
LIEAP program	363,121	653,478	652,400	1,078
Medicaid	265,000	264,406	193,027	71,379
Purchased services	66,000	66,000	51,059	14,941
SAFE kids	-	1,898	1,219	679
Shift NC program	-	40,492	16,219	24,273
Social services to the aged	650,000	650,000	588,947	61,053
Special foster care	20,000	20,000	4,166	15,834
Work first	302,722	302,722	112,189	190,533
Total	5,114,321	6,015,363	2,822,718	3,192,645
Total human services	15,981,869	17,001,321	12,973,023	4,028,298
Excess of revenues over expenditures	(5,255,074)	(5,869,713)	(4,008,473)	1,861,240
Other financing uses				
Transfers in	5,324,986	5,441,056	5,344,587	(96,469)
Transfers out	(69,912)	(3,069,912)	(3,069,912)	-
Appropriated fund balance	-	3,498,569	-	(3,498,569)
Total other financing sources (uses)	5,255,074	5,869,713	2,274,675	(3,595,038)
Net change in fund balances	\$ -	\$ -	\$ (1,733,798)	\$ (1,733,798)

HALIFAX COUNTY, NORTH CAROLINA

GENERAL FUND - EMERGENCY MANAGEMENT SERVICES DEPARTMENT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Restricted intergovernmental	\$ 450,005	\$ 576,614	\$ 971,877	\$ 395,263
Sales and services	2,727,906	2,727,906	2,322,518	(405,388)
Miscellaneous revenue	-	812	10,990	10,178
Total revenues	3,177,911	3,305,332	3,305,385	53
Expenditures:				
Public Safety:				
Salaries and employee benefits	4,677,296	4,817,405	4,816,134	1,271
Operating expenditures	904,282	911,891	858,020	53,871
Capital outlay	165,000	185,750	183,176	2,574
Total	5,746,578	5,915,046	5,857,330	57,716
Debt Service:				
Principal	75,663	75,663	75,662	1
Interest	7,855	7,855	7,855	-
Total	83,518	83,518	83,517	1
 Total expenditures	 5,830,096	 5,998,564	 5,940,847	 57,717
 Deficiency of revenues over expenditures	 (2,652,185)	 (2,693,232)	 (2,635,462)	 57,770
Other financing sources (uses)				
Transfers in	2,664,663	2,706,710	2,672,215	(34,495)
Transfers out	(12,478)	(12,478)	(12,478)	-
Appropriated fund balance	-	(1,000)	-	1,000
Total other financing sources	2,652,185	2,693,232	2,659,737	(33,495)
 Net change in fund balances	 \$ -	 \$ -	 \$ 24,275	 \$ 24,275

HALIFAX COUNTY, NORTH CAROLINA

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

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 10,302	\$ 10,302
Expenditures:				
General government:				
Operating expenditures	50,000	50,000	-	50,000
Revenues (deficiency) over expenditures	(50,000)	(50,000)	10,302	60,302
Other financing sources				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	50,000	50,000	50,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,302</u>	<u>\$ 60,302</u>

HALIFAX COUNTY, NORTH CAROLINA

GENERAL FUND - 911 BACKUP PROJECT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) PROJECT LIFE AS OF JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental:				
NC 911 board grant	\$ 4,067,780	\$ -	\$ -	\$ -
Total revenues	<u>4,067,780</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Public Safety:				
Construction	5,164,988	-	-	-
Administration	430,000	-	17,200	17,200
Equipment	1,677,946	-	-	-
Design fees	300,000	-	190	190
Contingency	125,000	-	-	-
Total expenditures	<u>7,697,934</u>	<u>-</u>	<u>17,390</u>	<u>17,390</u>
Deficiency of revenues over expenditures	(3,630,154)	-	(17,390)	(17,390)
OTHER FINANCING SOURCES				
Transfers in	3,630,154		3,630,154	3,630,154
Total expenditures	<u>3,630,154</u>	<u>-</u>	<u>3,630,154</u>	<u>3,630,154</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,612,764	<u>\$ 3,612,764</u>
FUND BALANCE, beginning of year			-	
FUND BALANCE, end of year			<u>\$ 3,612,764</u>	

HALIFAX COUNTY, NORTH CAROLINA

GENERAL FUND - JAIL EXPANSION PROJECT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS) PROJECT LIFE AS OF JUNE 30, 2019

	Project Authorization	Prior Years	Actual Current Year	Total
EXPENDITURES				
Public Safety:				
Construction	\$ 45,000	\$ -	\$ -	\$ -
Administration	180,000	-	-	-
Training	42,500	-	-	-
Design fees	72,000	-	36,000	36,000
Contingency	500	-	-	-
Total expenditures	340,000	-	36,000	36,000
OTHER FINANCING SOURCES				
Transfers in	340,000		340,000	340,000
Total expenditures	340,000	-	340,000	340,000
Net change in fund balance	\$ -	\$ -	304,000	\$ 304,000
FUND BALANCE, beginning of year			-	
FUND BALANCE, end of year			\$ 304,000	

HALIFAX COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Restricted intergovernmental - wireless funding	\$ 345,124	\$ 345,124	\$ 333,646	\$ (11,478)
Investment earnings	-	-	7,160	7,160
Total revenues	<u>345,124</u>	<u>345,124</u>	<u>340,806</u>	<u>(4,318)</u>
EXPENDITURES				
Public safety	<u>345,124</u>	<u>760,625</u>	<u>577,124</u>	<u>183,501</u>
Total expenditures	<u>345,124</u>	<u>760,625</u>	<u>577,124</u>	<u>183,501</u>
Excess (deficiency) of revenues over expenditures	-	(415,501)	(236,318)	179,183
OTHER FINANCING SOURCES				
Appropriated fund balance	-	415,501	-	(415,501)
Total other financing sources	<u>-</u>	<u>415,501</u>	<u>-</u>	<u>(415,501)</u>
Net change in fund balances	-	-	(236,318)	(236,318)
FUND BALANCE, beginning of year	<u>553,283</u>	<u>553,283</u>	<u>553,283</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 553,283</u>	<u>\$ 553,283</u>	<u>\$ 316,965</u>	<u>\$ (236,318)</u>

**HALIFAX COUNTY, NORTH CAROLINA
OUR COMMUNITY HOSPITAL**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	\$ 24,497	\$ 24,497	\$ 24,476	\$ (21)
Sales taxes	81,800	81,800	79,724	(2,076)
Total revenues	106,297	106,297	104,200	(2,097)
EXPENDITURES				
Human services	106,297	106,297	104,200	2,097
Total expenditures	106,297	106,297	104,200	2,097
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA
WELDON SCHOOL DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 1,158,000	\$ 1,233,002	\$ 1,233,002	\$ -
Sales taxes	319,000	363,674	354,635	(9,039)
Total revenues	<u>1,477,000</u>	<u>1,596,676</u>	<u>1,587,637</u>	<u>(9,039)</u>
EXPENDITURES				
Education	<u>1,477,000</u>	<u>1,596,676</u>	<u>1,587,637</u>	<u>9,039</u>
Total expenditures	<u>1,477,000</u>	<u>1,596,676</u>	<u>1,587,637</u>	<u>9,039</u>
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HALIFAX COUNTY, NORTH CAROLINA
LOCAL FIRE DISTRICTS

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	\$ 1,353,615	\$ 1,417,968	\$ 1,414,644	\$ (3,324)
Other taxes and licenses	254,150	278,612	266,580	(12,032)
Total revenues	<u>1,607,765</u>	<u>1,696,580</u>	<u>1,681,224</u>	<u>(15,356)</u>
EXPENDITURES				
Public safety	<u>1,607,765</u>	<u>1,696,580</u>	<u>1,681,224</u>	<u>15,356</u>
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HALIFAX COUNTY, NORTH CAROLINA
ROANOKE RAPIDS SCHOOL GRADED DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	\$ 2,015,000	\$ 2,067,440	\$ 2,067,440	\$ -
Total revenues	2,015,000	2,067,440	2,067,440	-
EXPENDITURES				
Education	2,015,000	2,067,440	2,067,440	-
Total expenditures	2,015,000	2,067,440	2,067,440	-
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ -	\$ -

**HALIFAX COUNTY, NORTH CAROLINA
HALIFAX COUNTY SCHOOL DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Ad valorem taxes	\$ 1,805,000	\$ 1,808,787	\$ 1,808,787	\$ -
Other taxes and licenses	500,000	625,364	616,949	(8,415)
Total revenues	<u>2,305,000</u>	<u>2,434,151</u>	<u>2,425,736</u>	<u>(8,415)</u>
EXPENDITURES				
Education	<u>2,305,000</u>	<u>2,434,151</u>	<u>2,425,736</u>	<u>8,415</u>
Total expenditures	<u>2,305,000</u>	<u>2,434,151</u>	<u>2,425,736</u>	<u>8,415</u>
Net change in fund balances	-	-	-	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HALIFAX COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND - MANNING ELEMENTARY SCHOOL PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Investment earnings	\$ -	\$ 1,730	\$ 42	\$ 1,772
Total revenues	-	1,730	42	1,772
EXPENDITURES				
Education:				
Construction	17,875,245	16,870,690	756,811	17,627,501
Administration	200,000	-	-	-
Legal fees	100,000	82,560	3,415	85,975
Design fees	1,251,355	1,009,627	179,821	1,189,448
Total expenditures	19,426,600	17,962,877	940,047	18,902,924
Deficiency of revenues over expenditures	(19,426,600)	(17,961,147)	(940,005)	(18,901,152)
OTHER FINANCING SOURCES				
Appropriation of fund balance	326,600	-	-	-
Proceeds from bond issuance	18,100,000	18,100,000	-	18,100,000
Transfers in	1,000,000	1,000,000	-	1,000,000
Total expenditures	19,426,600	19,100,000	-	19,100,000
Net change in fund balance	\$ -	\$ 1,138,853	(940,005)	\$ 198,848
FUND BALANCE, beginning of year			1,139,229	
FUND BALANCE, end of year			\$ 199,224	

HALIFAX COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND - JBB PACKAGING

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental:				
NC Department of Transportation	\$ 600,000	\$ -	\$ -	\$ -
Total revenues	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Education:				
Design fees	575,154		15,060	15,060
Contingency	24,846	-	-	-
Total expenditures	<u>600,000</u>	<u>-</u>	<u>15,060</u>	<u>15,060</u>
Deficiency of revenues over expenditures	-	-	(15,060)	(15,060)
OTHER FINANCING SOURCES				
Transfers in	600,000		600,000	600,000
Appropriation of fund balance	(600,000)	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	584,940	<u>\$ 584,940</u>
FUND BALANCE, beginning of year			<u>-</u>	
FUND BALANCE, end of year			<u>\$ 584,940</u>	

HALIFAX COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND - KLAUSNER LUMBER TWO PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>
REVENUES				
Restricted intergovernmental:				
NC Department of Commerce	\$ 1,201,960	\$ 1,000,000	\$ -	\$ 1,000,000
NC Department of Transportation	1,150,000	1,128,360	200,000	1,328,360
US Department of Commerce	1,253,208	1,253,208	-	1,253,208
NC Rural Development Center	872,000	872,000	-	872,000
Contributions	1,524,470	1,405,688	-	1,405,688
Total revenues	<u>6,001,638</u>	<u>5,659,256</u>	<u>200,000</u>	<u>5,859,256</u>
EXPENDITURES				
Economic and physical development:				
Site preparation	6,893,932	6,728,638	-	6,728,638
Road construction	1,225,021	1,220,241	-	1,220,241
Administration	678,830	678,218	-	678,218
Sewer Line	505,200	485,279	-	485,279
Rail Spur	2,598,850	2,598,850	-	2,598,850
Contingency	199,993	-	-	-
Total expenditures	<u>12,101,826</u>	<u>11,711,226</u>	<u>-</u>	<u>11,711,226</u>
Excess (deficiency) of revenues over expenditures	(6,100,188)	(6,051,970)	200,000	(5,851,970)
OTHER FINANCING SOURCES (USES)				
Transfers in	6,100,188	6,144,807	-	6,144,807
Transfers out	-	-	(92,837)	(92,837)
Total other financing sources (uses)	<u>6,100,188</u>	<u>6,144,807</u>	<u>(92,837)</u>	<u>6,144,807</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 92,837</u>	107,163	<u>\$ 292,837</u>
FUND BALANCE, beginning of year			<u>92,837</u>	
FUND BALANCE, end of year			<u>\$ 200,000</u>	

HALIFAX COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND - PROJECT FREEBIRD

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total</u>
REVENUES				
Restricted intergovernmental:				
NC Department of Commerce	\$ 600,000	\$ -	\$ -	\$ -
US Department of Commerce	1,181,855	606,963	-	606,963
Contributions	88,490	-	-	-
Total revenues	<u>1,870,345</u>	<u>606,963</u>	<u>-</u>	<u>606,963</u>
EXPENDITURES				
Economic development:				
Construction	1,589,850	795,812	-	795,812
Administration	108,187	25,000	-	25,000
Engineering	128,360	79,750	-	79,750
Construction administration and observation	86,350	54,130	-	54,130
Contingency	91,478	-	-	-
Total expenditures	<u>2,004,225</u>	<u>954,692</u>	<u>-</u>	<u>954,692</u>
Excess (deficiency) of revenues over expenditures	(133,880)	(347,729)	-	(347,729)
OTHER FINANCING SOURCES (USES)				
Transfers in	963,885	963,885	-	963,885
Appropriate reserves to fund balance	(830,005)	-	-	-
Total other financing sources (uses)	<u>133,880</u>	<u>963,885</u>	<u>-</u>	<u>963,885</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 616,156</u>	<u>-</u>	<u>\$ 616,156</u>
FUND BALANCE, beginning of year			<u>616,156</u>	
FUND BALANCE, end of year			<u>\$ 616,156</u>	

**HALIFAX COUNTY, NORTH CAROLINA
RPO PEANUT BELT CAPITAL PROJECT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Restricted intergovernmental	\$ 132,969	\$ 132,969	\$ 65,603	\$ (67,366)
Total revenues	<u>132,969</u>	<u>132,969</u>	<u>65,603</u>	<u>(67,366)</u>
EXPENDITURES				
Economic and physical development	<u>132,969</u>	<u>132,969</u>	<u>66,540</u>	<u>66,429</u>
Total expenditures	<u>132,969</u>	<u>132,969</u>	<u>66,540</u>	<u>66,429</u>
Net change in fund balances	-	-	(937)	(937)
FUND BALANCE, beginning of year	<u>98,000</u>	<u>98,000</u>	<u>98,000</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 98,000</u>	<u>\$ 98,000</u>	<u>\$ 97,063</u>	<u>\$ (937)</u>

HALIFAX COUNTY, NORTH CAROLINA
CDBG INFRASTRUCTURE AERATION SYSTEM PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Restricted intergovernmental	\$ 885,000	\$ 817,450	\$ 67,649	\$ 885,099
Total revenues	<u>885,000</u>	<u>817,450</u>	<u>67,649</u>	<u>885,099</u>
EXPENDITURES				
Rural development:				
Construction	656,721	539,052	79,823	618,875
Engineering	75,500	75,650	-	75,650
Administration	188,729	142,465	45,779	188,244
Contingency	14,971	-	-	-
Total expenditures	<u>935,921</u>	<u>757,167</u>	<u>125,602</u>	<u>882,769</u>
Excess of revenues over expenditures	(50,921)	60,283	(57,953)	2,330
OTHER FINANCING SOURCES (USES)				
Transfers in	50,921	-	50,921	50,921
Total expenditures	<u>50,921</u>	<u>-</u>	<u>50,921</u>	<u>50,921</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 60,283</u>	(7,032)	<u>\$ 53,251</u>
FUND BALANCE, beginning of year			<u>60,283</u>	
FUND BALANCE, end of year			<u>\$ 53,251</u>	

HALIFAX COUNTY, NORTH CAROLINA
4-H RURAL LIFE PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)
PROJECT LIFE AS OF JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total
REVENUES				
Intergovernmental revenues	\$ 360,000	\$ 170,000	\$ 180,000	\$ 350,000
Total revenues	<u>360,000</u>	<u>170,000</u>	<u>180,000</u>	<u>350,000</u>
EXPENDITURES				
Economic and physical development:				
Construction	186,768	46,728	140,040	186,768
Equipment	<u>173,232</u>	<u>122,627</u>	<u>50,605</u>	<u>173,232</u>
Total expenditures	<u>360,000</u>	<u>169,355</u>	<u>190,645</u>	<u>360,000</u>
Excess of revenues over expenditures	-	645	(10,645)	(10,000)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	-	10,000
Appropriate reserves to fund balance	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,645</u>	<u>(10,645)</u>	<u>\$ -</u>
FUND BALANCE, beginning of year			<u>10,645</u>	
FUND BALANCE, end of year			<u>\$ -</u>	

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Landfill fees	\$ 4,025,604	\$ 4,025,604	\$ 3,886,329	\$ (139,275)
Other operating	-	-	1,193	1,193
Investment earnings	6,620	6,620	47,595	40,975
Total revenues	<u>4,032,224</u>	<u>4,032,224</u>	<u>3,935,117</u>	<u>(97,107)</u>
EXPENDITURES				
Landfill operations	938,714	915,642	2,061,876	(1,146,234)
Ash monofill cell	151,019	143,184	5,392,719	(5,249,535)
Transfer station	2,727,603	2,730,218	1,272,585	1,457,633
Debt service	202,851	202,851	189,838	13,013
Total expenditures	<u>4,020,187</u>	<u>3,991,895</u>	<u>8,917,018</u>	<u>(4,925,123)</u>
Deficiency of revenues over expenditures	12,037	40,329	(4,981,901)	(5,022,230)
OTHER FINANCING SOURCES (USES)				
Transfers out	(12,037)	(851,302)	(851,819)	(517)
Appropriated fund balance	-	810,973	-	(810,973)
Total other financing sources (uses)	<u>(12,037)</u>	<u>(40,329)</u>	<u>(851,819)</u>	<u>(811,490)</u>
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>(5,833,720)</u>	<u>\$ (5,833,720)</u>
Adjustments to full accrual:				
Payments of debt service - principal			176,825	
Increase in estimated post-closure costs			363,682	
Increase in compensated absences			4,997	
Change in net pension liability and related deferred items			6,815	
Change in accrued interest			1,473	
Depreciation expense			(94,661)	
Purchase of capital assets			59,000	
Landfill Closure Capital Reserve Fund - net change in fund balance			1,268	
White Goods Disposal Fund - net change in fund balance			11,408	
Electronic Management Fund - net change in fund balance			(4,678)	
Tire Disposal Fund - net change in fund balance			3,493	
Ash Monofill Project Fund - net change in fund balance			(583,815)	
C&D Landfill Project Fund - net change in fund balance			205,773	
Change in net position - GAAP Basis			<u>\$ (5,682,140)</u>	

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - LANDFILL CLOSURE CAPITAL RESERVE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 1,268	\$ 1,268
Total revenues	-	-	1,268	1,268
Net change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268</u>	<u>\$ 1,268</u>

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - WHITE GOODS HANDLING FACILITY

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 8,430	\$ 8,430
Interest	-	-	2,978	2,978
Total revenues	-	-	11,408	11,408
EXPENDITURES				
Landfill operations	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	(10,000)	(10,000)	11,408	21,408
OTHER FINANCING SOURCES				
Appropriated fund balance	10,000	10,000	-	(10,000)
Total other financing sources	10,000	10,000	-	(10,000)
Net change in net position	\$ -	\$ -	\$ 11,408	\$ 11,408

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - ELECTRONIC MANAGEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 3,250	\$ 3,250	\$ -
Interest	-	-	125	125
Total revenues	-	3,250	3,375	125
EXPENDITURES				
Landfill operations	7,000	10,250	8,053	2,197
Total expenditures	7,000	10,250	8,053	2,197
Deficiency of revenues over expenditures	(7,000)	(7,000)	(4,678)	2,322
OTHER FINANCING SOURCES				
Appropriated fund balance	7,000	7,000	-	(7,000)
Total other financing sources	7,000	7,000	-	(7,000)
Net change in net position	\$ -	\$ -	\$ (4,678)	\$ (4,678)

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - TIRE DISPOSAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Miscellaneous	\$ 80,000	\$ 83,481	\$ 86,974	\$ 3,493
Total revenues	80,000	83,481	86,974	3,493
EXPENDITURES				
Landfill operations	80,000	113,481	113,481	-
Total expenditures	80,000	113,481	113,481	-
Deficiency of revenues over expenditures	-	(30,000)	(26,507)	3,493
OTHER FINANCING SOURCES				
Transfers in	-	30,000	30,000	-
Total other financing sources	-	30,000	30,000	-
Net change in net position	\$ -	\$ -	\$ 3,493	\$ 3,493

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - ASH MONOFILL PROJECT

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Project	Actual		Total to
	Authorization	Prior	Current	Date
		Years	Years	
EXPENDITURES				
Economic and physical development:				
Construction	\$ 2,378,380	\$ -	\$ 699,237	\$ 699,237
Engineering	218,000	10,843	71,877	82,720
Contingency	118,919	-	-	-
Total expenditures	<u>2,715,299</u>	<u>10,843</u>	<u>771,114</u>	<u>781,957</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,715,299</u>	<u>2,528,000</u>	<u>187,299</u>	<u>2,715,299</u>
Total other financing sources	<u>2,715,299</u>	<u>2,528,000</u>	<u>187,299</u>	<u>2,715,299</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,517,157</u>	<u>\$ (583,815)</u>	<u>\$ 1,933,342</u>

HALIFAX COUNTY, NORTH CAROLINA
SOLID WASTE LANDFILL - C&D LANDFILL PROJECT

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Project	Actual		
	Authorization	Prior Years	Current Years	Total to Date
EXPENDITURES				
Economic and physical development	\$ 737,483	\$ 25,237	\$ 416,710	\$ 441,947
Total expenditures	737,483	25,237	416,710	441,947
OTHER FINANCING SOURCES				
Transfers in	737,483	115,000	622,483	737,483
Total other financing sources	737,483	115,000	622,483	737,483
Net change in fund balance	\$ -	\$ 89,763	\$ 205,773	\$ 295,536

HALIFAX COUNTY, NORTH CAROLINA

WATER

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS) FOR THE YEAR ENDED JUNE 30, 2019

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 5,950,926	\$ 5,950,926	\$ 5,811,630	\$ (139,296)
Investment earnings	2,800	2,800	2,954	154
Miscellaneous	200,950	200,949	226,686	25,737
Total revenues	<u>6,154,676</u>	<u>6,154,675</u>	<u>6,041,270</u>	<u>(113,405)</u>
EXPENDITURES				
Administration	1,455,326	1,459,266	1,348,679	110,587
Operations	2,830,796	2,816,643	2,659,849	156,794
Repairs and maintenance	60,900	60,881	33,014	27,867
Capital outlays	49,000	62,904	62,288	616
Debt service	1,645,513	1,645,513	1,659,821	(14,308)
Total expenditures	<u>6,041,535</u>	<u>6,045,207</u>	<u>5,763,651</u>	<u>281,556</u>
Excess (deficiency) of revenues over expenditures	113,141	109,468	277,619	168,151
OTHER FINANCING SOURCES (USES)				
Transfers out	(113,141)	(164,062)	(164,062)	-
Appropriation of fund balance	-	54,594	-	(54,594)
Total other financing sources (uses)	<u>(113,141)</u>	<u>(109,468)</u>	<u>(164,062)</u>	<u>(54,594)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	113,557	<u>\$ 113,557</u>
Adjustments to full accrual:				
Deprecation expense			(1,584,143)	
Change in accrued interest			5,870	
Principal payments on long-term debt			1,115,226	
Change in compensated absences			(72)	
Purchase of capital assets			62,288	
Donation of capital assets			703,818	
Change in net pension liability and related deferred items			10,984	
Water Debt Service Fund - net change in fund balance			123	
Mid-Atlantic Sewer Project Fund - net change in fund balance			-	
Change in net position - GAAP Basis			<u>\$ 427,651</u>	

HALIFAX COUNTY, NORTH CAROLINA
WATER FUND - WATER DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ 100	\$ 100	\$ 123	\$ 23
Total revenues	100	100	123	23
EXPENDITURES				
Administration	100	100	-	100
Debt service	98,040	98,040	98,040	-
Total expenditures	98,140	98,140	98,040	100
Deficiency of revenues over expenditures	(98,040)	(98,040)	(97,917)	123
OTHER FINANCING SOURCES				
Transfers in	98,040	98,040	98,040	-
Total other financing sources	98,040	98,040	98,040	-
Net change in net position	\$ -	\$ -	\$ 123	\$ 123

HALIFAX COUNTY, NORTH CAROLINA
WATER FUND - MID-ATLANTIC SEWER PROJECT

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

		Actual		
	Project	Prior	Current	Total to
	Authorization	Years	Years	Date
EXPENDITURES				
Charges for services	\$ 82,460	\$ -	\$ -	\$ -
Miscellaneous	88,460	28,460	-	28,460
Total revenues	170,920	28,460	-	28,460
EXPENDITURES				
Operations	170,920	-	-	-
Total expenditures	170,920	-	-	-
Net change in fund balance	\$ -	\$ 28,460	\$ -	\$ 28,460

INTERNAL SERVICE FUNDS

Health Insurance Fund -accounts for the cost of employee healthcare benefits

Unemployment Insurance Fund –accounts for workers' compensation insurance

HALIFAX COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS JUNE 30, 2019

		Health Insurance	Unemployment	
	ASSETS	Fund	Insurance	Totals
		Fund	Fund	
Cash and cash equivalents		\$ 2,344,404	\$ 270,105	\$ 2,614,509
Total assets		2,344,404	270,105	2,614,509
	LIABILITIES			
Accounts payables		59,028	-	59,028
Claims payable		617,293	-	617,293
Total liabilities		676,321	-	676,321
	NET POSITION			
Unrestricted		1,668,083	270,105	1,938,188
Total net position		\$ 1,668,083	\$ 270,105	\$ 1,938,188

HALIFAX COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Health Insurance Fund	Unemployment Insurance Fund	Totals
OPERATING REVENUES			
Other operating revenues	\$ 4,922,825	\$ 294,365	\$ 5,217,190
Total operating revenues	4,922,825	294,365	5,217,190
OPERATING EXPENSES			
Claims and payments to third party administrators	4,849,437	14,546	4,863,983
Total operating expenses	4,849,437	14,546	4,863,983
Operating income	73,388	279,819	353,207
NON-OPERATING REVENUES			
Investment earnings	35,293	4,541	39,834
Total non-operating revenue	35,293	4,541	39,834
OTHER FINANCING USES			
Transfers out	-	(250,000)	(250,000)
Total other financing uses	-	(250,000)	(250,000)
Change in net position	108,681	34,360	143,041
Net position, beginning of year	1,559,402	235,745	1,795,147
Net position, end of year	\$ 1,668,083	\$ 270,105	\$ 1,938,188

HALIFAX COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	Health Insurance Fund	Unemployment Insurance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,922,825	\$ 294,365	\$ 5,217,190
Payments to suppliers	(4,998,372)	(14,546)	(5,012,918)
Net cash provided by (used in) operating activities	(75,547)	279,819	204,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	35,293	4,541	39,834
Net cash provided by investing activities	35,293	4,541	39,834
CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES			
Transfers out	-	(250,000)	(250,000)
Net cash used in noncapital related financing activities	-	(250,000)	(250,000)
Net decrease in cash and cash equivalents	(40,254)	34,360	(5,894)
Cash and cash equivalents, beginning of year	2,384,658	235,745	2,620,403
Cash and cash equivalents, end of year	\$ 2,344,404	\$ 270,105	\$ 2,614,509
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	\$ 73,388	\$ 279,819	\$ 353,207
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Decrease in accounts payable	(4,253)	-	(4,253)
Decrease in claims payable	(144,682)	-	(144,682)
Net cash provided by (used in) operating activities	\$ (75,547)	\$ 279,819	\$ 204,272

HALIFAX COUNTY, NORTH CAROLINA
HEALTH INSURANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 4,800,000	\$ 4,922,825	\$ 4,922,825	\$ -
Investment earnings	-	35,291	35,293	2
Total revenues	4,800,000	4,958,116	4,958,118	2
EXPENDITURES				
Operations	4,800,000	5,154,853	4,994,119	160,734
Total expenditures	4,800,000	5,154,853	4,994,119	160,734
Excess (deficiency) of revenues over expenditures	-	(196,737)	(36,001)	160,736
OTHER FINANCING SOURCES				
Appropriated fund balance	-	196,737	-	(196,737)
Total other financing uses	-	196,737	-	(196,737)
Net change in fund balance	\$ -	\$ (196,737)	(36,001)	\$ 160,736
Adjustments to full accrual:				
Decrease in claims payable			144,682	
Change in net position - GAAP Basis			\$ 108,681	

**HALIFAX COUNTY, NORTH CAROLINA
UNEMPLOYMENT INSURANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 282,854	\$ 282,854	\$ 294,365	\$ 11,511
Investment earnings	-	-	4,541	4,541
Total revenues	282,854	282,854	298,906	16,052
EXPENDITURES				
Claims paid	32,854	32,854	14,546	18,308
Total expenditures	32,854	32,854	14,546	18,308
Excess of revenues over expenditures	250,000	250,000	284,360	34,360
OTHER FINANCING USES				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing uses	(250,000)	(250,000)	(250,000)	-
Net change in fund balance / net position	\$ -	\$ -	\$ 34,360	\$ 34,360

AGENCY FUNDS

Social Services Trust Fund -accounts for monies held by the Social Services department for the benefit of certain individuals in the County

Tax Collection Agency Fund –accounts for ad valorem property taxes that are billed and collected by the County for municipalities within the County

HALIFAX COUNTY, NORTH CAROLINA

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2019

<u>ASSETS</u>	<u>Tax Collection Agency Fund</u>	<u>Social Services Trust Fund</u>	<u>Total</u>
Cash	\$ 67,924	\$ 34,992	\$ 102,916
Taxes receivable	1,018,904	-	1,018,904
Total assets	<u>\$ 1,086,828</u>	<u>\$ 34,992</u>	<u>\$ 1,121,820</u>
<u>LIABILITIES</u>			
Due to others	\$ 67,924	\$ 34,992	\$ 102,916
Uncollected taxes	1,018,904	-	1,018,904
Total liabilities	<u>\$ 1,086,828</u>	<u>\$ 34,992</u>	<u>\$ 1,121,820</u>

HALIFAX COUNTY, NORTH CAROLINA

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

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<u>Tax Collection Agency Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 67,563	\$ 11,356,048	\$ (11,355,687)	\$ 67,924
Taxes receivable	999,348	10,490,034	(10,470,478)	1,018,904
Total assets	<u>\$ 1,066,911</u>	<u>\$ 21,846,082</u>	<u>\$ (21,826,165)</u>	<u>\$ 1,086,828</u>
LIABILITIES				
Due to others	\$ 67,563	\$ 11,356,048	\$ (11,355,687)	\$ 67,924
Uncollected taxes	999,348	10,490,034	(10,470,478)	1,018,904
Total liabilities	<u>\$ 1,066,911</u>	<u>\$ 21,846,082</u>	<u>\$ (21,826,165)</u>	<u>\$ 1,086,828</u>
<u>Social Services Trust Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 32,559	\$ 34,992	\$ (32,559)	\$ 34,992
Total assets	<u>\$ 32,559</u>	<u>\$ 34,992</u>	<u>\$ (32,559)</u>	<u>\$ 34,992</u>
LIABILITIES				
Due to others	\$ 32,559	\$ 34,992	\$ (32,559)	\$ 34,992
Total liabilities	<u>\$ 32,559</u>	<u>\$ 34,992</u>	<u>\$ (32,559)</u>	<u>\$ 34,992</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 100,122	\$ 11,391,040	\$ (11,388,246)	\$ 102,916
Taxes receivable	999,348	10,490,034	(10,470,478)	1,018,904
Total assets	<u>\$ 1,099,470</u>	<u>\$ 21,881,074</u>	<u>\$ (21,858,724)</u>	<u>\$ 1,121,820</u>
LIABILITIES				
Due to others	\$ 100,122	\$ 11,391,040	\$ (11,388,246)	\$ 102,916
Uncollected taxes	999,348	10,490,034	(10,470,478)	1,018,904
Total liabilities	<u>\$ 1,099,470</u>	<u>\$ 21,881,074</u>	<u>\$ (21,858,724)</u>	<u>\$ 1,121,820</u>

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE **JUNE 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 28,401,302	\$ 27,873,778	\$ 527,524
2017-2018	543,758	-	258,637	285,121
2016-2017	272,698	-	66,831	205,867
2015-2016	206,498	-	36,017	170,481
2014-2015	200,861	-	27,930	172,931
2013-2014	189,651	-	13,319	176,332
2012-2013	175,825	-	9,727	166,098
2011-2012	155,361	-	10,537	144,824
2010-2011	140,396	-	6,422	133,974
2009-2010	114,458	-	2,533	111,925
2008-2009	105,785	-	105,785	-
	<u>\$ 2,105,291</u>	<u>\$ 28,401,302</u>	<u>\$ 28,411,516</u>	<u>2,095,077</u>
Less: allowance for uncollectible accounts - General Fund				<u>(660,859)</u>
Ad valorem taxes receivable - net				<u>\$ 1,434,218</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 28,262,282
Reconciling items:				
Interest and penalties				(196,733)
Amounts written off for tax years per Statute of limitations				105,785
Releases				199,442
Refunds				(105,042)
Writeoffs/discounts				246,782
Tax bill adjustments				(6,337)
Discoveries and rollback				89,757
Miscellaneous adjustments				(184,420)
Total collections and credits				<u>\$ 28,411,516</u>

HALIFAX COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY COUNTY-WIDE LEVY JUNE 30, 2019

	County - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 3,696,924,805	0.770	\$ 28,466,321	\$25,440,600	\$3,025,721
Penalties	-		45,865	45,865	-
Total	<u>3,696,924,805</u>		<u>28,512,186</u>	<u>25,486,465</u>	<u>3,025,721</u>
Discoveries	<u>9,503,377</u>	0.770	<u>73,176</u>	<u>73,176</u>	<u>-</u>
Releases	<u>(239,039)</u>	0.770	<u>(184,060)</u>	<u>(184,060)</u>	<u>-</u>
Total property valuation	<u>\$ 3,696,685,766</u>				
Net levy			28,401,302	25,375,581	3,025,721
Uncollected taxes at June 30, 2019			<u>(527,524)</u>	<u>(527,524)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 27,873,778</u>	<u>\$24,848,057</u>	<u>\$3,025,721</u>
Current levy collection percentage			<u>98.14%</u>	<u>97.92%</u>	<u>100.00%</u>

HALIFAX COUNTY, NORTH CAROLINA

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

Secondary Market Disclosure:

Assessed Valuation:

Assessment ratio 98%

Real property	\$	2,598,424,265
Personal property		867,224,621
Public service companies		231,275,919
Total Assessed valuation	\$	<u>3,696,924,805</u>

Tax rate per \$100	\$	<u>0.77</u>
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Levy (including discoveries, releases and abatements)	\$	<u>28,466,321</u>
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts, fire protection districts, and the community

Weldon schools	\$	1,280,562
Fire protection districts		1,269,924
Roanoke Rapids schools		1,890,682
Community hospital		<u>2,938</u>
Total	\$	<u>4,444,106</u>

STATISTICAL SECTION

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

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Financial Trends133

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

Revenue Capacity.....138

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

Debt Capacity.....142

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

Demographic and Economic Information146

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

Operating Information148

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

Schedule 1
Halifax County, North Carolina
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017-Restated</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,974,793	\$ 17,187,742	\$ 21,388,949	\$ 17,831,005	\$ 18,447,019	\$ 18,794,168	\$ 18,632,877	\$ 18,477,076	\$ 15,509,024	\$ 15,987,959
Restricted	18,614,020	24,454,078	22,911,749	21,136,844	15,462,261	13,537,120	16,312,505	16,423,142	11,130,798	58,992
Unrestricted	(19,918,605)	(27,387,184)	(26,964,341)	(8,188,316)	(3,431,783)	(1,637,019)	(1,029,184)	(21,964)	6,009,922	14,562,807
Total governmental activities net position	<u>\$ 18,670,208</u>	<u>\$ 14,254,636</u>	<u>\$ 17,336,357</u>	<u>\$ 30,779,533</u>	<u>\$ 30,477,497</u>	<u>\$ 30,694,269</u>	<u>\$ 33,916,198</u>	<u>\$ 34,878,254</u>	<u>\$ 32,649,744</u>	<u>\$ 30,609,758</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 11,728,621	\$ 11,290,268	\$ 11,824,479	\$ 12,055,155	\$ 12,077,355	\$ 11,956,839	\$ 11,368,747	\$ 11,893,823	\$ 13,581,258	\$ 13,947,296
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,128,364	7,821,206	7,541,406	5,176,388	4,801,751	5,260,162	6,831,496	6,156,006	7,257,654	7,598,212
Total business-type activities net position	<u>\$ 13,856,985</u>	<u>\$ 19,111,474</u>	<u>\$ 19,365,885</u>	<u>\$ 17,231,543</u>	<u>\$ 16,879,106</u>	<u>\$ 17,217,001</u>	<u>\$ 18,200,243</u>	<u>\$ 18,049,829</u>	<u>\$ 20,838,912</u>	<u>\$ 21,545,508</u>
Primary government										
Invested in capital assets, net of related debt	\$ 31,703,414	\$ 28,478,010	\$ 33,213,428	\$ 29,886,160	\$ 30,524,374	\$ 30,751,007	\$ 30,001,624	\$ 30,370,899	\$ 29,090,282	\$ 29,935,255
Restricted	18,614,020	24,454,078	22,911,749	21,136,844	15,462,261	13,537,120	16,312,505	16,423,142	11,130,798	58,992
Unrestricted	(17,790,241)	(19,565,978)	(19,422,935)	(3,011,928)	1,369,968	3,623,143	5,802,312	6,134,042	13,267,576	22,161,019
Total primary government net position	<u>\$ 32,527,193</u>	<u>\$ 33,366,110</u>	<u>\$ 36,702,242</u>	<u>\$ 48,011,076</u>	<u>\$ 47,356,603</u>	<u>\$ 47,911,270</u>	<u>\$ 52,116,441</u>	<u>\$ 52,928,083</u>	<u>\$ 53,488,656</u>	<u>\$ 52,155,266</u>

Schedule 2
Halifax County, North Carolina
Changes in Net Position
Last Four Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities:										
General government	\$ 8,245,946	\$ 8,473,124	\$ 11,824,803	\$ 11,900,686	\$ 11,265,630	\$ 11,521,305	\$ 11,421,727	\$ 11,155,986	\$ 10,435,130	\$ 9,781,235
Public safety	18,654,858	17,137,119	15,223,699	14,740,869	14,197,958	13,761,938	14,124,871	12,844,194	12,274,234	11,872,036
Economic & physical development	1,685,582	1,522,518	5,070,877	2,479,719	2,936,494	7,185,719	1,418,100	1,711,426	1,757,528	1,648,548
Human Services	20,636,307	20,581,114	20,258,952	19,782,077	19,339,216	20,392,320	20,918,807	21,780,366	22,082,009	21,431,637
Cultural & Recreational	845,917	686,028	506,484	579,074	540,741	651,086	617,701	683,275	539,435	528,298
Education	15,775,104	21,888,553	22,071,399	13,339,997	11,437,522	11,257,890	12,758,774	14,579,569	11,696,274	11,920,920
Interest & Fees	802,858	882,908	1,012,473	1,119,155	805,349	1,042,433	921,100	938,783	396,649	460,169
Total governmental activities expenses	\$ 66,646,572	\$ 71,171,364	\$ 75,968,687	\$ 63,941,577	\$ 60,522,910	\$ 65,812,691	\$ 62,181,080	\$ 63,693,599	\$ 59,181,259	\$ 57,642,843
Business-type activities:										
Water & Sewer	6,251,538	6,185,739	5,982,662	6,213,780	6,011,145	5,759,890	5,730,039	6,961,383	5,071,355	5,064,811
Landfill/Solid Waste	9,708,245	4,532,991	3,700,588	4,568,587	3,802,629	3,982,453	3,703,772	8,871,212	3,906,530	3,465,856
Total business-type activities	15,959,783	10,718,730	9,683,250	10,782,367	9,813,774	9,742,343	9,433,811	15,832,595	8,977,885	8,530,667
Total primary governmental expenses	\$ 82,606,355	\$ 81,890,094	\$ 85,651,937	\$ 74,723,944	\$ 70,336,684	\$ 75,555,034	\$ 71,614,891	\$ 79,526,194	\$ 68,159,144	\$ 66,173,510
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,756,464	\$ 3,259,332	\$ 11,687,133	\$ 3,155,714	\$ 2,389,281	\$ 2,400,963	\$ 2,754,422	\$ 2,149,215	\$ 2,787,711	\$ 2,695,952
Public Safety	2,547,128	2,167,892	3,533,202	3,206,930	3,187,812	3,271,235	2,528,535	3,436,113	3,584,112	2,413,056
Economic and physical development	268,157	272,355	-	80,544	-	-	-	-	-	-
Human Services	48,857	39,560	-	-	124,808	148,547	102,747	158,807	143,102	40,693
Cultural and recreation	25,011	11,408	20,816	26,945	24,904	25,439	21,822	19,223	26,895	5,992
Operating grants and contributions	17,520,858	16,755,893	17,721,133	17,909,200	17,490,294	16,704,854	17,435,430	21,669,387	17,744,622	18,458,663
Capital grants and contributions	267,649	903,585	4,101,133	1,843,555	1,340,173	1,349,798	1,257,897	1,369,143	1,018,199	1,371,293
Total governmental activities program revenues	\$ 24,434,124	\$ 23,410,025	\$ 37,063,417	\$ 26,222,888	\$ 24,557,272	\$ 23,900,836	\$ 24,100,853	\$ 28,801,888	\$ 25,304,641	\$ 24,985,649
Business-type activities:										
Charges of services:										
Water and sewer	\$ 6,038,316	\$ 6,219,256	\$ 6,055,217	\$ 5,638,615	\$ 5,233,713	\$ 4,987,948	\$ 4,980,159	\$ 4,616,130	\$ 4,664,667	\$ 4,825,979
Solid waste	3,986,176	4,101,502	4,109,935	5,009,713	3,727,923	3,814,991	3,728,939	8,356,624	3,372,705	3,194,215
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	578,216	117,952	128,416	404,482	553,201	642,755	766,515	2,511	224,763	1,021,862
Total business-type activities program revenues	\$ 10,602,708	\$ 10,438,710	\$ 10,293,568	\$ 11,052,810	\$ 9,514,837	\$ 9,445,694	\$ 9,475,613	\$ 12,975,265	\$ 8,262,135	\$ 9,042,056
Total primary governmental program revenues	\$ 35,036,832	\$ 33,848,735	\$ 47,356,985	\$ 37,275,698	\$ 34,072,109	\$ 33,346,530	\$ 33,576,466	\$ 41,777,153	\$ 33,566,776	\$ 34,027,705
Net (Expense)/Revenue										
Governmental activities	\$ (42,212,448)	\$ (47,761,339)	\$ (38,905,270)	\$ (37,718,688)	\$ (35,965,638)	\$ (41,911,855)	\$ (38,080,227)	\$ (34,891,710)	\$ (33,876,618)	\$ (32,657,194)
Business-type activities	(5,357,075)	(280,020)	610,318	270,443	(298,937)	(296,649)	41,802	(2,857,330)	(715,750)	511,389
Total primary government net expense	\$ (47,569,523)	\$ (48,041,359)	\$ (38,294,952)	\$ (37,448,245)	\$ (36,264,575)	\$ (42,208,504)	\$ (38,038,425)	\$ (37,749,040)	\$ (34,592,368)	\$ (32,145,805)

(continued)

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Ad valorem taxes	\$ 34,774,157	\$ 34,488,840	\$ 31,809,653	\$ 29,927,726	\$ 29,566,702	\$ 29,938,070	\$ 29,176,862	\$ 29,060,545	\$ 28,853,192	\$ 29,073,973
Local option sales tax	10,520,348	9,677,612	-	7,961,352	8,161,488	7,211,131	7,462,883	7,441,555	6,544,483	6,765,382
Other taxes	702,002	285,520	-	93,902	99,262	118,989	144,424	121,816	124,282	131,484
Interest earned on investments	679,056	203,391	82,528	56,252	37,586	67,661	39,775	39,565	99,372	109,491
Miscellaneous	-	-	-	-	441,373	1,567,406	312,523	432,380	206,482	72,410
Transfers	(47,543)	24,255	(2,443,123)	(49,541)	-	-	(18,296)	24,359	88,793	5,704
Total governmental activities	\$ 46,628,020	\$ 44,679,618	\$ 29,449,058	\$ 37,989,691	\$ 38,306,411	\$ 38,903,257	\$ 37,118,171	\$ 37,120,220	\$ 35,916,604	\$ 36,158,444
Business-type activities:										
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Privilege Tax	-	-	-	70,542	67,973	74,366	83,280	84,179	81,674	78,893
Interest	55,043	49,564	16,275	11,911	3,357	5,556	7,036	8,427	16,273	26,229
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	47,543	(24,255)	-	(459)	-	-	18,296	(24,359)	(88,793)	(5,704)
Total business-type activities	102,586	25,309	16,275	81,994	71,330	79,922	108,612	68,247	9,154	99,418
Total primary government	\$ 46,730,606	\$ 44,704,927	\$ 29,465,333	\$ 38,071,685	\$ 38,377,741	\$ 38,983,179	\$ 37,226,783	\$ 37,188,467	\$ 35,925,758	\$ 36,257,862
Change in Net Position										
Governmental activities	\$ 4,415,572	\$ (3,081,721)	\$ (7,013,089)	\$ 271,003	\$ 2,340,773	\$ (3,008,598)	\$ (962,056)	\$ 2,228,510	\$ 2,039,986	\$ 3,501,250
Business-type activities	(5,254,489)	(254,711)	431,690	352,437	(227,607)	(216,727)	150,414	(2,789,083)	(706,596)	610,807
Total primary government	\$ (838,917)	\$ (3,336,432)	\$ (6,581,399)	\$ 623,440	\$ 2,113,166	\$ (3,225,325)	\$ (811,642)	\$ (560,573)	\$ 1,333,390	\$ 4,112,057

Schedule 3
Halifax County, North Carolina
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017-Restated</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund										
Reserved	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 7,830,230.00
Unreserved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24,021,981.00
Nonspendable	218,413	372,305	34,500	193,435	108,076	47,097	67,992	787,417	118,618	-
Restricted	19,989,817	25,663,240	19,635,551	19,488,758	13,617,754	12,649,829	14,590,085	13,736,617	9,937,529	-
Committed	-	-	-	-	-	888,375	1,063,800	1,010,972	987,513	-
Assigned	1,275,502	1,554,604	3,679,242	4,007,178	4,658,251	1,882,934	3,497,218	4,530,361	3,941,401	-
Unassigned	13,701,295	4,253,587	5,453,780	2,271,623	8,329,303	11,643,265	10,528,955	13,226,413	17,589,602	-
Total General Fund	\$ 35,185,027	\$ 31,843,736	\$ 28,803,073	\$ 25,960,994	\$ 26,713,384	\$ 27,111,500	\$ 29,748,050	\$ 33,291,780	\$ 32,574,663	\$ 31,852,211
All other governmental funds										
Reserved	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 73,743.00
Unreserved, reported in:										
Undesignated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
Special revenue funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,281,807.00
Capital projects funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(2,081,881.00)
Permanent funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-
Nonspendable	200	203	-	-	-	-	-	-	-	-
Restricted	813,052	712,008	11,402,505	1,009,628	1,844,507	951,229	1,722,420	2,686,525	1,193,269	-
Committed	-	-	27,396	39,849	145,595	629,102	2,255,244	1,182,015	-	-
Assigned	1,254,347	1,858,222	-	-	-	-	-	-	1,534,350	-
Unassigned	-	-	(1,994,684)	(343,430)	(736,967)	(1,158,743)	(2,625,090)	(3,344,767)	(2,692,045)	-
Total all other governmental funds	\$ 2,067,599	\$ 2,570,433	\$ 9,435,217	\$ 706,047	\$ 1,253,135	\$ 421,588	\$ 1,352,574	\$ 523,773	\$ 35,574	\$ (726,331)

Tables show Pre GASB 54 and Post GASB 54 implementation. Differences will correct themselves through attrition.

Schedule 4
Halifax County, North Carolina
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
Revenues	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Ad valorem taxes	\$ 34,810,631	\$ 34,326,757	\$ 32,429,935	\$ 29,288,453	\$ 24,785,670	\$ 25,467,769	\$ 24,508,463	\$ 24,322,857	\$ 28,787,663	\$ 29,025,295
Other taxes and licenses	11,222,350	9,963,132	8,770,372	8,055,164	7,716,600	6,857,795	7,095,607	6,712,220	6,668,765	6,896,866
Unrestricted intergovernmental revenues	-	-	347,331	361,425	385,800	347,751	390,315	408,382	727,980	483,341
Restricted intergovernmental revenues	17,788,507	18,266,441	21,608,486	19,902,329	17,486,635	16,450,460	17,545,805	18,649,613	18,977,893	19,473,535
Permits and fees	1,956,142	1,458,043	1,359,789	1,358,846	1,324,064	1,397,617	1,346,291	1,300,247	1,148,751	1,239,839
Sales and services	3,851,980	3,825,133	4,364,500	3,877,354	3,970,595	4,043,476	3,879,891	4,098,301	4,328,128	3,063,410
Investment earnings	679,056	203,391	78,379	54,342	29,823	56,469	21,802	29,070	96,610	104,371
Lease Proceeds	-	-	-	-	-	-	-	-	-	-
Miscellaneous	837,495	467,371	488,289	598,374	354,324	329,311	312,426	412,940	206,482	799,583
Total revenues	\$ 71,146,161	\$ 68,510,268	\$ 69,447,081	\$ 63,496,287	\$ 56,053,511	\$ 54,950,648	\$ 55,100,600	\$ 55,933,630	\$ 60,942,272	\$ 61,086,240
Expenditures										
General government	8,475,277	7,999,497	7,496,153	7,161,747	7,870,394	8,032,471	8,787,443	7,262,849	6,603,840	6,400,525
Public safety	18,609,491	17,143,327	16,890,493	16,200,768	13,265,922	13,146,632	12,983,238	13,479,012	12,713,337	12,175,394
Transportation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	1,425,601	1,607,161	5,014,213	2,353,686	975,352	866,364	1,097,442	5,351,019	2,455,450	1,711,764
Human services	20,290,006	20,294,606	22,214,380	21,756,228	21,386,334	21,485,386	21,914,289	22,931,926	22,849,271	23,011,327
Cultural and recreational	788,615	676,777	604,985	655,299	631,639	711,853	680,198	735,805	596,275	584,198
Public Health	-	-	-	-	-	-	-	-	-	-
Education	15,775,104	21,876,806	22,169,505	13,339,997	8,068,342	7,837,920	9,272,733	14,579,569	11,696,274	11,920,920
Capital outlay	-	171,495	-	-	-	-	-	-	-	-
Debt service										
Principal	2,705,597	2,715,667	2,871,519	1,605,812	1,664,029	1,919,745	1,822,398	2,094,073	2,460,612	2,669,450
Interest	809,072	889,271	1,147,364	802,052	821,056	854,222	921,099	936,291	396,649	460,168
Total expenditures	\$ 68,878,763	\$ 73,374,607	\$ 78,408,612	\$ 63,875,589	\$ 54,683,068	\$ 54,854,593	\$ 57,478,840	\$ 67,370,544	\$ 59,771,708	\$ 58,933,746
Excess of revenues over (under) expenditures	\$ 2,267,398	\$ (4,864,339)	\$ (8,961,531)	\$ (379,302)	\$ 1,370,443	\$ 96,055	\$ (2,378,240)	\$ (11,436,914)	\$ 1,170,564	\$ 2,152,494
Other financing sources (uses)										
Intrafund transfers in (out)										
Transfers in-	1,020,896	282,706	1,316,239	301,089	421,791	1,292,222	296,406	1,076,323	2,069,142	660,665
Transfers out-	(692,837)	(11,951)	(1,069,739)	(954,130)	(2,190,350)	(4,474,827)	(1,461,896)	(826,964)	(1,755,349)	(429,961)
Refunding issued	-	-	12,005,000	-	-	-	-	-	-	-
Payment to escrow agent	-	-	(11,899,646)	-	-	-	-	-	-	-
Sale of capital assets	-	371,757	-	-	-	-	-	-	-	-
Installment purchase obligations issued	-	-	258,000	18,036,030	-	450,000	-	2,552,967	-	-
Advance refunding payment	-	-	-	-	-	-	-	-	-	-
Operating transfers (to) from component unit	-	-	-	-	-	-	-	-	-	-
Origination fees	-	-	-	-	-	-	-	-	-	-
Issuance of capital lease	243,000	-	-	-	-	-	-	-	-	-
Proceeds of Capital Lease	-	397,706	-	-	-	-	-	-	-	-
Total other financing sources (uses)	571,059	1,040,218	609,854	17,382,989	(1,768,559)	(2,732,605)	(1,165,490)	2,802,326	313,793	230,704
Net change in fund balances	\$ 2,838,457	\$ (3,824,121)	\$ (8,351,677)	\$ 17,003,687	\$ (398,116)	\$ (2,636,550)	\$ (3,543,730)	\$ (8,634,588)	\$ 1,484,357	\$ 2,383,198
Debt services as a percentage of noncapital expenditures	5.23%	4.99%	5.22%	3.77%	4.53%	5.19%	4.89%	4.82%	4.86%	5.34%

Schedule 5
Halifax County, North Carolina
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	Total	Total Direct Tax Rate
	Residential Property	Public Service			
2019	\$ 2,598,424,265	\$ 231,275,919	\$ 867,224,621	\$ 3,696,924,805	\$ 0.7700
2018	2,506,154,072	223,063,298	836,429,425	3,565,646,795	\$ 0.7800
2017	2,487,730,710	221,424,642	830,291,956	3,539,447,308	\$ 0.7800
2016	2,460,089,839	213,106,196	793,085,187	3,466,281,222	\$ 0.7300
2015	2,699,522,013	190,181,144	765,679,430	3,655,382,587	\$ 0.6800
2014	2,688,632,955	181,532,053	865,175,325	3,735,340,333	\$ 0.6800
2013	2,688,009,515	181,213,573	741,238,469	3,610,461,557	\$ 0.6800
2012	2,679,669,691	172,366,132	741,199,448	3,593,235,271	\$ 0.6800
2011	2,659,342,572	166,430,768	729,288,429	3,555,061,769	\$ 0.6800
2010	2,599,443,151	142,435,241	819,002,637	3,560,881,029	\$ 0.6800

Source: Halifax County Tax Department

Schedule 6
Halifax County, North Carolina
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rates per \$100 of assessed value)

	Year Taxes Are Payable									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
County Direct Rates										
Halifax	0.7700	0.7700	0.7800	0.7800	0.7300	0.6800	0.6800	0.6800	0.6800	0.6800
Components of Direct Rates										
Public Safety	0.142450	0.142450	0.143832	0.143832	0.134612	0.125392	0.125392			
Education	0.225610	0.225610	0.228852	0.228852	0.214182	0.199512	0.199512			
Operational Services	0.401940	0.401940	0.407316	0.407316	0.381206	0.355096	0.355096			
City Rates										
Roanoke Rapids	0.6510	0.6510	0.6510	0.6510	0.6510	0.6240	0.6240	0.6240	0.6240	0.6240
Enfield	0.9270	0.8380	0.8380	0.8380	0.8380	0.7500	0.7500	0.7500	0.7500	0.7500
Halifax	0.6600	0.6600	0.6600	0.6600	0.6600	0.6000	0.5500	0.5500	0.5500	0.5500
Scotland Neck	0.7850	0.7850	0.7850	0.7850	0.7850	0.7000	0.7000	0.6800	0.6400	0.6400
Hobgood	0.7200	0.7200	0.6500	0.6500	0.6500	0.5700	0.5700	0.5700	0.5700	0.5700
Littleton	0.8000	0.8000	0.8000	0.8000	0.8000	0.7000	0.6500	0.6500	0.6500	0.6500
Weldon	0.7700	0.7700	0.7700	0.7700	0.7700	0.6600	0.6600	0.6600	0.6600	0.6800
School District										
Weldon	0.2000	0.2000	0.2000	0.2000	0.1818	0.1700	0.1700	0.1700	0.1700	0.1700
Roanoke Rapids	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.2100	0.2100	0.2100
Halifax County Schools	0.1000	0.1000	0.1000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Districts										
Rheasville	0.0705	0.0705	0.0705	0.0705	0.0705	0.0700	0.0700	0.0700	0.0700	0.0700
Davie	0.0945	0.0945	0.0945	0.0945	0.0945	0.0900	0.0900	0.0900	0.0900	0.0900
Darlington	0.0890	0.0890	0.0890	0.0890	0.0890	0.0900	0.0900	0.0900	0.0900	0.0900
Thelma	-	-	-	-	-	-	-	-	-	-
Littleton	0.0534	0.0534	0.0534	0.0534	0.0534	0.0460	0.0460	0.0460	0.0460	0.0460
Brinkleyville	-	-	-	-	-	-	-	-	-	-
Arcola	0.0677	0.0677	0.0677	0.0677	0.0677	0.0700	0.0700	0.0700	0.0700	0.0700
Enfield	0.0890	0.0690	0.0690	0.0690	0.0690	0.0700	0.0700	0.0700	0.0700	0.0700
Halifax	0.0728	0.0728	0.0728	0.0728	0.0728	0.0726	0.0726	0.0726	0.0726	0.0726
Hobgood	0.0685	0.0685	0.0685	0.0685	0.0685	0.0719	0.0719	0.0719	0.0719	0.0719
Scotland Neck	0.0690	0.0690	0.0690	0.0690	0.0690	0.0700	0.0700	0.0700	0.0700	0.0649
Weldon	0.0894	0.0894	0.0894	0.0894	0.0894	0.0845	0.0845	0.0845	0.0845	0.0845
Tillery	0.0475	0.0475	0.0475	0.0475	0.0475	0.0500	0.0500	0.0500	0.0500	0.0500
Hospital District										
Our Community Hospital	-	-	0.1244	0.1244	0.1244	0.1200	0.1200	0.1200	0.1200	0.1200

Source: State Department of Revenue, Bureau of Property Tax

Schedule 7
Halifax County, North Carolina
Principal Property Tax Payers,
Current Year and Nine Years Ago

<u>2019</u>				<u>2010</u>			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Kapstone Kraft Paper Corporation	\$ 154,551,647	1	26.06%	Westmoreland LG & E	\$ 147,052,090	1	31.35%
Dominion North Carolina Power	131,497,495	2	22.17%	Kapstone Kraft Paper Corporation	110,867,532	2	23.64%
Klausner Lumber Two LLC	97,927,480	3	16.51%	Dominion-Virginia Power	81,174,529	3	17.31%
Carolina Chips	39,574,626	4	6.67%	Carolina Tel & Tel Company	22,256,580	4	4.74%
Piedmont Natural Gas Co Inc	39,171,561	5	6.61%	Reser's Fine Food, Inc.	21,503,245	5	4.58%
Reser's Fine Foods, Inc.	35,269,137	6	5.95%	Kennametal Inc.	17,948,535	6	3.83%
Kennametal Inc.	30,827,744	7	5.20%	Halifax EMC	17,933,013	7	3.82%
CSX Transportation Inc	22,494,810	8	3.79%	CSX Transportation Inc	17,488,073	8	3.73%
Meadows 163 LLC	21,818,900	9	3.68%	PVC Inc	16,787,268	9	3.58%
Halifax EMC	19,905,945	10	3.36%	Safelite Glass Corp	16,062,968	10	3.42%
Totals	<u>\$ 593,039,345</u>		<u>100.00%</u>		<u>\$ 469,073,833</u>		<u>100.00%</u>

Source: State Department of Revenue, Bureau of Property Tax

Schedule 8
Halifax County, North Carolina
Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of the Levy			Total Collections to Date		
	(Original Levy)	Adjustments	Total Adjusted Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy	
2019	\$ 28,512,186	\$ (110,884)	\$ 28,401,302	\$ 27,873,778	98.14%	\$ -	\$ 27,873,778	98.14%	
2018	27,844,345	(126,947)	27,717,398	27,173,640	98.04%	258,636	27,432,276	98.04%	
2017	28,106,071	(376,183)	27,729,888	27,171,621	97.99%	352,400	27,524,021	97.99%	
2016	25,417,962	(77,587)	25,340,375	24,322,725	95.98%	847,169	25,169,894	95.98%	
2015	24,883,851	3,457	24,887,308	24,360,629	97.88%	353,748	24,714,377	99.31%	
2014	25,453,912	(30,574)	25,423,338	24,890,205	97.90%	356,801	25,247,006	99.31%	
2013	24,605,980	(54,841)	24,551,139	23,787,576	96.89%	597,465	24,385,041	99.32%	
2012	24,462,488	(3,436)	24,459,052	23,736,795	97.05%	577,433	24,314,228	99.41%	
2011	24,229,651	(31,165)	24,198,486	23,425,324	96.80%	639,188	24,064,512	99.45%	
2010	24,477,419	(295,880)	24,181,539	23,263,860	95.04%	805,754	24,069,614	99.54%	

Source: Halifax County Tax Department

Schedule 9
Halifax County, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2019	\$ 16,698,520	\$ -	\$ 16,698,520	1.6%	0.45%	330.18
2018	17,823,825	-	17,823,825	1.7%	0.50%	347.38
2017	18,033,808	-	18,033,808	1.8%	0.51%	348.37
2016	18,909,122	-	18,909,122	1.9%	0.55%	345.74
2015	19,755,928	-	19,755,928	2.0%	0.54%	364.22
2014	20,575,596	-	20,575,596	2.1%	0.55%	376.55
2013	21,362,314	-	21,362,314	2.4%	0.59%	395.55
2012	22,065,000	-	22,065,000	2.4%	0.61%	403.45
2011	22,629,000	-	22,629,000	2.3%	0.64%	416.85
2010	21,061,500	-	21,061,500	2.2%	0.59%	381.74

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

Schedule 10
Halifax County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
Halifax County	\$ 27,709	100%	\$ -
			-
Underlying:			
Enfield	-	100	-
Halifax	-	100	-
Littleton	-	100	-
Roanoke Rapids	-	100	-
Scotland Neck	-	100	-
Weldon	-	100	-
Total	\$ 27,709		\$ -

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the County.

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

Schedule 11
Halifax County, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Leases	Installment Note Payable	Certificate of Participation	Qualified Zone Academy Bond	Qualified School Construction Bond	Manning Elementary School	General Obligation Bonds	Water Revenue Bonds	Notes Payable				
2019	\$ 401	\$ 212	\$ 8,485	\$ 1,642	\$ 2,489	\$ 14,480	\$ 16,699	\$ 2,454	\$ 1,683	\$ 48,545	4.70%	\$ 959.88	
2018	314	249	9,790	1,642	2,489	15,687	17,824	2,502	1,801	52,298	5.06%	1,019.26	
2017	-	91	11,115	1,642	1,647	16,893	18,033	2,549	2,742	54,712	5.36%	1,056.91	
2016	141	3,960	8,500	1,642	1,812	18,100	18,909	2,595	3,215	58,874	5.96%	1,076.48	
2015	158	4,425	9,350	1,642	2,149	-	19,756	2,640	3,295	43,415	4.46%	800.39	
2014	174	5,159	10,200	1,642	2,213	-	20,576	2,687	2,862	45,513	4.63%	832.92	
2013	223	5,560	11,050	1,642	2,383	-	21,362	-	1,743	43,963	4.86%	814.04	
2012	271	6,314	11,900	1,642	2,553	-	22,065	-	-	44,745	4.75%	818.14	
2011	314	7,463	12,750	1,642	-	-	22,629	-	-	44,798	4.61%	825.22	
2010	356	9,082	13,600	1,642	-	-	21,062	-	-	45,742	4.72%	829.06	

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

Schedule 12
Halifax County, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assessed Value of Property	\$ 3,696,686	\$ 3,565,647	\$ 3,539,447	\$ 3,466,281	\$ 3,655,383	\$ 3,735,340	\$ 3,610,462	\$ 3,593,235	\$ 3,555,062	\$ 3,560,881
Debt limit, 8%of Assessed Value (Statutory Limitation)	295,735	285,252	283,156	277,302	292,431	298,827	288,837	\$ 287,459	\$ 284,405	\$ 284,870
Amount of Debt Applicable to Limit	295,754	285,252	283,156	277,302	292,431	298,827	288,837	287,459	284,405	284,870
General Obligation Bonds	16,699	17,824	18,033	18,909	19,756	20,576	21,362	22,065	22,629	21,062
Less: Resources Restricted to Paying Principal					-	-	-	-	-	-
Installment purchase contracts**	27,308	29,857	31,646	34,014	20,861	22,076	22,378	22,409	21,906	24,324
Capital Leases	401	314	-	141	158	175	223	272		
Revenue Bonds	2,454	2,502	2,549	2,595	2,640	2,687	2,687			
Total net debt applicable to limit	46,862	50,497	52,228	55,659	43,415	45,514	46,650	44,746	43,971	45,386
Legal debt margin	\$ 248,892	\$ 234,755	\$ 230,928	\$ 221,643	\$ 249,016	\$ 253,313	\$ 242,187	\$ 242,713	\$ 240,434	\$ 239,484
Total net debt applicable to the limit as a percentage of debt limit	15.84%	17.70%	18.44%	20.07%	14.85%	15.23%	16.15%	15.57%	15.46%	15.93%

**Installment Debt includes COPS, QZAB and
Installment Purchases

Note: Under state finance law, the Name of Government's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Schedule 13
Halifax County, North Carolina
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	School Enrollment	Unemployment Rate
2019	50,574	\$ 1,032,013	\$ 20,406	6,150	6.6%
2018	51,310	1,033,075	20,134	6,545	6.5%
2017	51,766	1,020,256	19,709	6,314	7.4%
2016	54,691	987,227	18,051	6,479	8.1%
2015	54,242	972,938	17,937	7,214	9.4%
2014	54,643	981,989	17,971	7,396	9.8%
2013	54,006	905,033	16,758	7,396	13.4%
2012	54,691	941,943	17,223	7,742	13.2%
2011	54,286	970,959	17,886	8,455	13.7%
2010	55,173	969,555	17,573	7,807	12.6%
2009	54,684	977,641	17,878	8,161	14.6%

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

Schedule 14
Halifax County, North Carolina
Principal Employers
Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Halifax Regional Medical Center	894	1	16.18%	1,000	1	18.22%
County of Halifax	525	2	9.50%	539	3	9.82%
Reser's Fine Foods	435	3	7.87%	240	9	4.37%
Kapstone	400	4	7.24%	419	4	7.63%
Roanoke Rapids City Schools	368	5	6.66%	419	5	7.63%
Halifax County Schools	367	6	6.64%	619	2	11.28%
Wal-mart, Inc.	279	7	5.05%	400	6	7.29%
New Dixie Oil	273	8	4.94%	240	10	4.37%
AAA Carolinas	263	9	4.76%	332	7	6.05%
Rural Health Group (Halifax only)	243	10	4.40%	-	17	0.00%
PCB Piezotronics	215	11	3.89%	137	16	2.50%
Don Pancho	205	12	3.71%	-	18	0.00%
Weldon City Schools	200	13	3.62%	195	11	3.55%
City of Roanoke Rapids	152	14	2.75%	144	15	2.62%
Kennametal	144	15	2.61%	154	14	2.81%
Halifax Community College	124	16	2.24%	305	8	5.56%
Klausner Lumber Two	115	17	2.08%	-	19	0.00%
Patch Rubber	113	18	2.05%	185	12	3.37%
AEL Span (located in former Safelite	110	19	1.99%	-	20	0.00%
Halifax Linen Service	100	20	1.81%	160	13	2.92%
Total	5,525		100.00%	5,488		100.00%

Source: State Department of Commerce.

Schedule 15
Halifax County, North Carolina
Full-time-Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Justice and law enforcement	94	108	105	106	98	95	91	91	91	88
Health and human services	319	310	255	253	253	248	262	263	263	263
Environment, parks, and education	2	3	3	7	7	7	7	7	5	6
Public works	25	22	19	24	24	24	17	17	20	20
General government	103	104	157	167	187	185	168	168	152	162
Total	543	547	539	557	569	559	545	546	531	539

Source: County Budget Office.

Schedule 16
Halifax County, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Sheriff										
Volume of calls	44,900	41,239	51,033	50,914	43,657	37,425	37,196	37,442	38,489	28,006
Incident reports filed	1,204	2,114	2,242	2,336	2,370	2,515	2,257	2,431	2,706	2,069
EMS										
Volume of calls	12,742	12,793	12,586	12,632	12,753	12,925	13,483	12,859	12,553	12,339
Response time (in minutes)	11.00	10.18	9.82	9.80	9.69	9.80	8.89	8.75	2.1	8
Transports	8,714	8,807	8,777	8,936	9,161	9,436	10,176	9,154	9,100	9,030
Water										
New connections	34	78	64	72	85	130	82	75	111	85
Water mains breaks	8	11	12	15	13	12	11	14	2	21
Average daily consumption (thousands of gallons)	2,424,852	2,389,850	2,513,403	2,390,509	2,181,290	2,485,378	2,265,000	2,610,060	2,136,173	2,565,640

Sources: Various government departments.

Note: Indicators are not available for the general government function.

Schedule 17
Halifax County, North Carolina
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public safety										
Sheriff										
Stations	2	2	2	2	2	2	1	1	1	1
Patrol units	69	100	32	91	87	86	40	40	40	40
EMS										
Stations	6	6	6	6	6	6	6	6	6	6
Ambulances/QRV'S	21	21	21	21	21	21	21	20	20	20
Water										
Water mains (miles)	618	618	618	618	618	614	568	568	566	541
Fire hydrants	1,837	1,837	1,837	1,837	1,837	1,820	1,622	1,622	1,615	1,550
Maximum daily capacity (thousands of gallons)	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000
Sewer										
Sanitary sewers (miles)	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	10	10

Sources: Various county departments.

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

COMPLIANCE SECTION



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 Commissioners
Halifax County
Halifax, North Carolina**

We have audited, 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, 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 Halifax 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, and have issued our report thereon dated January 22, 2020. Our report includes a reference to other auditors who audited the financial statements of the Halifax County ABC Board, as described in our report on the County's financial statements. The financial statements of the Halifax County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2019-001 and 2019-002, that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

Halifax County, North Carolina's Responses to Findings

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

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 22, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

**To the Board of Commissioners
Halifax County, North Carolina**

Report on Compliance for Each Major Federal Program

We have audited Halifax 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 federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered 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 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 22, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
APPLICABLE SECTIONS OF THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT
IMPLEMENTATION ACT**

**To the Board of Commissioners
Halifax County, North Carolina**

Report on Compliance for Each Major State Program

We have audited Halifax 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's 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, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about 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, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item 2019-003. Our opinion on each major state program is not modified with respect to these matters.

Halifax County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Halifax County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 22, 2020

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments
			Federal	State	To Subrecipients All
FEDERAL AWARDS					
U.S. Department of Agriculture:					
Passed through North Carolina Department of Health and Human Services:					
Special Supplemental Nutrition Program for Women, Infants, & Children (WIC)	10.557		\$ 383,579	\$ -	\$ -
Supplemental Nutrition Assistance Program:					
SNAP Administration	10.561		868,185	2,693	-
SNAP Fraud Administration	10.561		623	-	-
Supplemental Nutrition Assistance Program Cluster:			868,808	2,693	-
Total U.S. Department of Agriculture			1,252,387	2,693	-
U.S. Department of Housing and Urban Development:					
Passed through North Carolina Department of Environmental Quality					
2014 Community Development Block Grant	14.228		65,227	-	-
Total U.S. Department of Housing and Urban Development			65,227	-	-
U.S. Department of Justice:					
Passed through North Carolina Department of Crime Control and Public Safety					
Juvenile Justice and Delinquency Prevention	16.540	842-xxxx	210,458	-	-
Bulletproof Vest Program	16.607	n/a	2,113	-	-
Total U.S. Department of Justice			212,571	-	-
U.S. Department of Transportation:					
Passed through NC Department of Transportation					
Highway Planning and Construction Cluster	20.205		39,909	-	-
Total U.S. Department of Transportation			39,909	-	-
U.S. National Foundation on the Arts and the Humanities					
Passed through NC Department of Cultural Programs					
LSTA RIPL Scholarship	45.310		436	-	-
LSTA Computer	45.310		1,521	-	-
LSTA NC Cardinal	45.310		10,866	-	-
Total U.S. National Foundation on the Arts and the Humanities			12,823	-	-
U.S. Department of Health and Human Services					
Passed through Upper Coastal Plains Council of Governments					
Aging Cluster:					
USDA Supplement	93.053		20,706	-	-
Total Aging Cluster			20,706	-	-
Passed through NC Department of Health and Human Services					
Temporary Assistance for Needy Families:					
Temporary Assistance for Needy Families (TANF)	93.558		14,871		-
TANF - Work First Administration	93.558		55,942		-
TANF - Work First Service	93.558		348,071		-
Total Temporary Assistance for Needy Families Cluster			418,884	-	-
Foster Care Program:					
IV-E CPS	93.658		78,998	39,131	-
IV-E Foster Care Trn	93.658		11,060	-	-
IV-E Foster Care/Off Trn	93.658		216,289	-	-
IV-E Foster Care	93.658		239,402	-	-
Total Foster Care			545,749	39,131	-
Adoption Program:					
IV-E Adoption/Off Trn	93.659		24,129	-	-
Total Adoption			24,129	-	-

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments
			Federal	State	To Subrecipients All
FEDERAL AWARDS (Continued)					
Medicaid:					
Adult Care Home Case Management	93.778		4,313	1,542	-
State County Special Assistance	93.778		151,748	-	-
Medical Assistance - Administration	93.778		2,212,883	-	-
Medical Transportation Services	93.778		177,991	-	-
MAC	93.778		34,944	-	-
Total Medicaid Cluster			2,581,879	1,542	-
Continued					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements (Ebola)	93.074		33,484	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		28,383	-	-
Health Start Initiative	93.926		145,547	-	-
PPHF Capacity Building Assistance to Strengthen Public Health Immunization	93.539		22,086	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		4,137	-	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977				-
Maternal and Child Health Services Block Grant	93.994		195,211	146,426	-
Family Planning	93.217		40,525	-	-
Statewide Health Promotion Program	93.991		35,809	-	-
Passed through North Carolina Department of Health and Human Services					
Social Services Block Grant:					
Social Services Block Grant	93.667		553,969	-	-
Social Services Block Grant - In Home Services	93.667		3,612	-	-
Social Services Block Grant - In Home Services over 60	93.667		12,271	-	-
Social Services Block Grant - Adult Daycare	93.667		29,945	-	-
Social Services Block Grant - Adult Daycare over 60	93.667		-	23,389	-
Passed through United Coastal Plans Council of Aging					
Social Services Block Grant:					
Social Services Block Grant - Child Protective Services Temporary	93.667		153,587	-	-
Total Social Services Block Grant			753,384	23,389	-
Family Preservation	93.556		12,660	-	-
Low-Income Home Energy Assistance Program:					
Crisis Intervention Payments	93.568		448,411	-	-
Low Income Energy Administration	93.568		74,099	-	-
Low Income Energy Assistance	93.568		641,750	-	-
Total Low-Income Home Energy Assistance Grant			1,164,260	-	-
Permanency Planning - Service & Admin	93.645		15,495	-	-
Independent Living Program:					
Chafee Foster Care Independence Program	93.674		9,765	2,441	-
Total Independent Living Grant			9,765	2,441	-
Child Support Enforcement Program:					
IV-D Administration	93.563		1,088,038	-	-
IV-D Offset Fees - Esc	93.563		64	-	-
IV-D Offset Fees - Federal	93.563		3,276	-	-
Total Child Support Enforcement Grant			1,091,378	-	-
Children's Health Insurance Program (CHIP):					
Children's Health Insurance Program	93.767		96,353	-	-
Total Child Support Enforcement Grant			96,353	-	-
AFDC Payments and Penalties	93.560		(1,419)	(389)	-
Total U.S. Department of Health and Human Services			7,238,405	212,540	-
TOTAL FEDERAL AWARDS			8,821,322	215,233	-
Continued					

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments
			Federal	State	To Subrecipients All
STATE AWARDS					
North Carolina Department of Health and Human Services:					
Division of Aging:					
Access Services			-	55,637	-
Home-Delivered Meals			-	33,644	-
In-Home Services			-	185,413	-
			-	274,694	-
Division of Public Health:					
Food and Lodging Fees			-	16,397	-
General Aid to Counties			-	141,183	-
General Communicable Disease Control				2,293	
Positive Parenting Program (Triple P)			-	145,929	-
Child Health			-	146,359	-
HIV/STD State			-	500	
School Nurse Funding Initiative			-	229,950	-
Family Planning - State			-	98,266	-
Maternal Health			-	33,233	-
Women's Health Service Fund			-	10,241	-
TB Control			-	68,870	-
Total Division of Public Health			-	893,221	-
Division of Social Services					
St. Child Welfare			-	224,024	-
DCD SmartStart			-	26,656	-
Energy Assistance Private Grants			-	2,587	-
Total Division of Public Health			-	253,267	-
Total North Carolina Department of Health and Human Services			-	1,421,182	-
North Carolina Department of Environmental and Natural Resources					
Division of Natural Resources:					
Economic and Physical Development State Grant			-	3,600	-
State Cost Share			-	13,380	-
Division of Waste Management:					
Scrap Tire		DEQ-8	-	14,570	-
Total Scrap Tire Program			-	14,570	-
Total North Carolina Department of Environmental and Natural Resources			-	31,550	-
North Carolina Department of Cultural Resources					
State Aid to Public Libraries			-	96,001	-
Homework Help Pilot Program			-	35,000	
Total North Carolina Department of Cultural Resources			-	131,001	-
North Carolina Department of Public Safety					
Emergency Management - Supplement Award			-	38,524	-
Local Emergency Planning Committee (LEPC) Tier II			-	1,000	-
Total North Carolina Department of Public Safety			-	39,524	-
North Carolina Department of Transportation					
Rural General Public Transportation			-	85,791	-
Elderly and Handicapped Transportation			-	76,289	-
Work First Transportation			-	16,017	-
Total Rural Operating Assistance Program (ROAP)			-	178,097	-
Total North Carolina Department of Transportation			-	178,097	-
North Carolina Office of State Budget and Management					
Amphitheater			-	136,204	-
Total North Carolina Office of State Budget and Management			-	136,204	-
North Carolina Department of Corrections					
Criminal Justice			-	88,017	-
Total North Carolina Department of Corrections			-	88,017	-

Continued

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass- through Grantor Number	Expenditures		Payments
			Federal	State	To Subrecipients All
STATE AWARDS (Continued)					
North Carolina Department of Insurance					
SHIIP Funds			-	6,758	-
Total North Carolina Department of Insurance			-	6,758	-
North Carolina Public Instruction					
Public School Building Capital Fund - Lottery Funds			-	564,400	564,400
Total North Carolina Housing Finance Agency			-	564,400	564,400
TOTAL STATE AWARDS			-	2,596,733	564,400
TOTAL FEDERAL AND STATE AWARDS			\$ 8,821,322	\$ 2,811,966	\$ 564,400

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1 - Basis of Presentation

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

Note 3 - Indirect Costs

Halifax County has elected not to use the 10-percent de minimus cost rate as allowed under the Uniform Guidance.

HALIFAX 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 report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weaknesses identified? ☒ yes ☐ no

Significant deficiencies identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:
Material weaknesses identified: ☐ yes ☒ no

Significant deficiencies identified: ☐ yes ☒ none reported

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

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

Identification of major programs:

CFDA Number(s)

93.778

93.568

Name of Federal Program or Cluster

Medicaid Cluster

Low-income Home Energy Assistance Program

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

Auditee qualified as low-risk auditee? No

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

SECTION I SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

State Awards

Internal control over major state programs:

Material weaknesses identified: _____ yes X no

Significant deficiencies identified: X yes _____ none reported

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

Unmodified

Any audit findings disclosed that are require to be reported

In accordance with the State Single Audit Implementation Act? X yes _____ no

Identification of major state program:

Program Name _____

Positive Parenting Program

School Nurse Funding Initiative

Public School Building Capital Fund – Lottery Proceeds

Rural Operating Assistance Program (ROAP)

Amphitheater Grant

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019-001 Equity Reconciliation

Criteria: Internal controls should be in place to ensure that financial statements of the County are properly presented in accordance with accounting principles generally accepted in the United States of America.

Condition: Misstatements were detected in the reconciliation of the County's equity balances for business-type activities.

Context/Cause: During our testing, audit adjustments were required to properly report the County's equity balances for business-type funds. The adjustments are as follows:

- The County did not post audit entries from the prior year in the Solid Waste Landfill Fund and Water Fund totaling \$100,721 and \$178,951, respectively, which understated beginning equity in that fund.
- The County is reporting capital additions as expenses of the funds as opposed to capitalizing an asset, under full accrual accounting. Adjustments were required to reduce the expense and increase the assets of the Solid Waste Fund (\$59,000) and Water Fund (\$62,289) as of June 30, 2019.

Effects: Audit adjustments totaling \$158,383 were needed to correct the County's net position of the Solid Waste Fund and the Water Fund.

Recommendation: We recommend the County ensure all audit adjustments are made following the financial statement audit as well as to review their capital asset additions for correct posting.

Auditee's Response: We concur with the finding and are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate.

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019-002 Allowance for Long Term Receivable

Criteria: Internal controls should be in place to ensure that amounts reported as receivables are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Material misstatements were detected in the reporting of the County's receivables.

Context/Cause: During our testing of the County's accounts receivable in the Solid Waste Landfill Fund, we noted the long term receivable was not allowed for. During discussions with management, we noted the company who owes the County \$5,205,868 in relation to the landfill postclosure costs has filed for bankruptcy. In accordance with generally accepted accounting principles (GAAP), the long term receivable should be allowed for, as the likelihood of collecting on the receivable is unsure.

Effects: An audit adjustment of \$5,205,588 was needed to correctly record an allowance and properly state the County's receivables as of year-end at the net realizable value, as requirement by GAAP.

Recommendation: We recommend the County carefully review all receivables and the related allowances to ensure they are expected to be collected in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure receivables and the related balance sheet accounts are properly recorded.

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION III FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS

2019-003 **Monthly Reporting Requirements**
North Carolina Department of Public Health
Positive Parenting Program (Triple P)

Criteria: In accordance with the grant agreement for the Positive Parenting Program (Triple P) between the North Carolina Department of Public Health and Halifax County Health Department, the County Health Department is required to submit monthly reports to the Aid-to-Counties (ATC) site by the 10th of every month showing the monthly expenditures and reimbursements.

Condition: Internal controls of the County were not sufficient to ensure that the ATC reports were submitted in a timely manner by the 10th of every month.

Context/Cause: During our testing of the Triple P program, we reviewed the 12 ATC reports submitted by the County. Documentation was not kept to verify the timely submission of the reports.

Effects: The monthly report was submitted to the Aid-to-Counties site and documentation of the submission was kept by the County. However, no documentation was kept or could be obtained to verify that the report was submitted by the 10th of the month.

Questioned Costs: There were no questioned costs, as the ATC reports were approved by the North Carolina Department of Public Health when they reimburse the County for program expenses.

Recommendation: We recommend the County print the submission verification when the monthly reports are submitted in order to document that the reports were submitted in a timely manner.

Auditee's Response: The County is reviewing the current control structure and through continued training and evaluation of the most cost effective way to ensure compliance, will implement controls to ensure the required documentation is noted.

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2018-001 Expenditure/Expense Recognition

Condition: Misstatements were detected in the reporting of the County's expenditures/expenses and the related balance sheet accounts.

Context: During our testing, audit adjustments were required to properly report the County's expenditures/expenses and related balance sheet accounts.

Current Status: Corrected.

2018-002 Revenue Recognition

Condition: Material misstatements were detected in the reporting of the County's receivables and related revenues.

Context: During our testing of the County's accounts receivable and the related revenues, adjustments were required to properly report the balances

Current Status: Corrected.

2018-003 Capital Lease Accounting

Condition: The County did not identify the new EMS equipment lease as a capital lease entered into during the 2018 fiscal year.

Context: The County was accounting for the new lease as an operating lease. The lease terms transferred title of the equipment to the County at the end of the lease term. As such, the lease should be accounted for as a capital lease and another financing source and associated capital outlay reported for the full present value of the lease payments.

Current Status: Corrected.

HALIFAX COUNTY, NORTH CAROLINA

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2018-004 Current and Available Minutes

Condition: Internal controls were not in place to ensure Board minutes were prepared, approved, and made public within a reasonable amount of time.

Context: Upon our arrival for interim testing in July 2018, we noted that the minutes for the Board meetings for the prior twelve months of meetings were not prepared, approved, or available of public inspection.

Current Status: Corrected.

2018-005 Time Sheet Documentation –Medicaid (CFDA #93.778)

Condition: Internal controls of the County were not sufficient to ensure all employees time charged to certain codes were supported by documentation in the case record files.

Context: During our testing of the Medicaid program, we selected a sample of 60 employee time entries and, through testing, noted there were 7 instances where the employee charged time to a specific case; however, there was no documentation in the noted case file for the specified day.

Current Status: Corrected.



**State of North Carolina
County of Halifax**

HISTORIC COURTHOUSE ~ PO BOX 38 ~ KING STREET ~ HALIFAX, NC 27839
252-583-1131 ~ FAX: 252-583-9921

TONY N. BROWN
COUNTY MANAGER

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

2019-001 Equity Reconciliation

Contact Person Responsible for the Corrective Action Plan: Mary A. Duncan, Finance Director

Corrective Action Plan: We are currently implementing controls to ensure these year-end adjustments are considered and reflected in the general ledger, as appropriate

Anticipated Completion Date: June 30, 2019.

2019-002 Allowance for Long Term Receivable

Contact Person Responsible for the Corrective Action Plan: Mary A. Duncan, Finance Director

Corrective Action Plan: We will take necessary steps in the future to ensure revenues and the related balance sheet accounts are properly recorded.

Anticipated Completion Date: June 30, 2019.

**2019-003 Monthly Reporting Requirements
North Carolina Department of Public Health
Positive Parenting Program (Triple P)**

Contact Person Responsible for the Corrective Action Plan: Mary A. Duncan, Finance Director

Corrective Action Plan: We are working to get all minutes presented to the Board of Commissioners for their approved and uploaded to the County's website before the close of the fiscal year ending June 30, 2019.

Anticipated Completion Date: June 30, 2019.