

**COUNTY OF JOHNSTON**  
Smithfield, North Carolina  
**Financial Statements**  
June 30, 2019

COUNTY OF JOHNSTON, NORTH CAROLINA  
**BOARD AND OFFICERS**  
June 30, 2019

**BOARD OF COUNTY COMMISSIONERS**

Ted G. Godwin, Chairman  
Chad M. Stewart, Vice-Chairman  
Jeffrey P. Carver  
Larry Wood  
Tony Braswell  
Patrick E. Harris  
R.S. "Butch" Lawter, Jr.

**OFFICERS**

County Manager  
Finance Director  
Register of Deeds  
Tax Administrator  
Sheriff

Rick J. Hester  
J. Chad McLamb, CPA  
Craig Olive  
Jocelyn Andrews  
Steve Bizzell

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>		1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>		4-15
<b>BASIC FINANCIAL STATEMENTS:</b>		
Government-wide Financial Statements:		
Statement of Net Position	1	16
Statement of Activities	2	17
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3a	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4a	21
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – General Fund	5	22
Statement of Net Position – Proprietary Funds	6	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	7	24
Statement of Cash Flows – Proprietary Funds	8-9	25-26
Statement of Fiduciary Net Position – Fiduciary Funds	10	27
<b>NOTES TO THE FINANCIAL STATEMENTS</b>		28-82
<b>REQUIRED SUPPLEMENTAL FINANCIAL DATA</b>		
Schedule of County's Proportionate Share of Net Pension Asset (LGERS)	A-1	83
Schedule of County Contributions (LGERS)	A-2	84
Schedule of County's Proportionate Share of Net Pension Asset (ROD)	A-3	85

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<b>REQUIRED SUPPLEMENTAL FINANCIAL DATA (continued)</b>		
Schedule of County Contributions (ROD)	A-4	86
Schedule of Changes in Total Pension Liability	A-5	87
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	A-6	88
Schedules of Changes in the Net OPEB Liability and Related Ratios	A-7	89
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>		
<i>General Fund</i> - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	B-1	90-100
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Revaluation Fund	B-1a	101
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - School Bond Fund	B-2	102
Combining Balance Sheet – Non-Major Governmental Funds	C-1	103
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	C-2	104
Combining Balance Sheets – Non-Major Special Revenue Funds	C-3	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Special Revenue Funds	C-4	106
Combining Balance Sheet – Non-Major Capital Projects Funds	C-5	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Capital Projects Funds	C-6	108
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:		
<i>Moccasin Creek Drainage District</i> - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-7	109
<i>Special Tax District Fund</i> - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-8	110
<i>Heritage Commission Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-9	111

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<i>Communication Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-10	112
<i>Research Training Zone</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-11	113
<i>Voluntary Ag District</i> - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	C-12	114
<i>Industrial Development Infrastructure</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-13	115
<i>Public Safety Center Project Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-14	116
<i>Courthouse Facilities Project Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	C-15	117
Enterprise Funds:		
Combining Statement of Net Position - Non-major Enterprise Funds	D-1	118
Combining Statement of Revenues, Expenses, and Changes in Net Position - Non-major Enterprise Funds	D-2	119
Combining Statement of Cash Flows - Non-major Enterprise Funds	D-3	120-121
<i>Administrative Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP)	D-4	122
<i>Solid Waste Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP)	D-5	123-124
<i>Landfill Entrance &amp; Attendant Facilities</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-5a	125
<i>Landfill Site Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-5b	126
<i>Water Fund</i> – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP)	D-6	127-128
<i>WTP Filter Add &amp; Chem Feed Imp</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6a	129
<i>WTP 2.5 MGD Exp / Future Planning</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6b	130

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<i>NCDOT Waterline Projects</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6c	131
<i>WTP 2.0 MGD Upgrade 6d</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6d	132
<i>Clayton No. 2 Booster Pump Station Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6e	133
<i>WTP Efficiency Project</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6f	134
<i>Post Clearwell Chemical Feed Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-6g	135
<i>Wastewater Treatment Fund</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7	136-137
<i>Wastewater SDF Capital Reserve Fund</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7a	138
<i>2016 WWTP Expansion Study</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7b	139
<i>Biosolids Facilities Improvement</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7c	140
<i>Buffalo WWPS Upgrade and Force Main Replacement</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7d	141
<i>Pine Level Wastewater Pump Station Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7e	142
<i>McGee's Crossroads Sewer Upgrade</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7f	143
<i>Swift Creek Interceptor</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7g	144
<i>WWTP 4MGD Expansion</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7h	145
<i>Selma Equalization &amp; WWPS Facilities</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7i	146
<i>20" 70 BUS / 70 Bypass Force Main</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7j	147

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<i>East Clayton WWPS Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7k	148
<i>Landfill Equalization &amp; WWPS Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-7l	149
<i>Water District Funds</i> – Combining Statement of Net Position	D-8	150
<i>Water District SDF Capital Reserve Fund</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8a	151
<i>Elevation Water District FY 18 Hydraulic Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8b	152
<i>Buffalo Water District FY 18 Hydraulic Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8c	153
<i>Wilson's Mills Water District FY 18 Hydraulic Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8d	154
<i>Wilson's Mills Water District WTP Service Line</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8e	155
<i>Ingram's WD 2018 Hydraulic Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8f	156
<i>McGee's WD Ph 1 &amp; 2 - NC 210 WM Improvements</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-8g	157
<i>Section 8 Housing Assistance Payments Fund – Project No. NC 19-VI64-006</i> – Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	D-9	158
Water Districts - Consolidating Information:		
Statement of Net Position - Combined Water District Operating Fund	E-1	159-160
Schedule of Revenues and Expenditures - Combined Water District Operating Fund	E-2	161-162
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	F-1	163
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds	F-2	164

COUNTY OF JOHNSTON, NORTH CAROLINA  
**TABLE OF CONTENTS**  
Year Ended June 30, 2019

	<u>Exhibit(s)</u>	<u>Page(s)</u>
<b>OTHER SCHEDULES</b>		
Schedule of Ad Valorem Taxes Receivable	G-1	165
Analysis of Current Tax	G-2,G-2a	166-167
Ten Largest Taxpayers	G-2b	168
 <b>COMPLIANCE SECTION</b>		
Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .		169-170
Independent Auditors' Report on Compliance with Requirements Applicable to each Major Federal Program and Internal Control over Compliance in Accordance with Uniform Guidance and the State Single Audit Implementation Act		171-172
Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act		173-174
Schedule of Findings and Questioned Costs		175-180
Summary Schedule of Prior Audit Findings		181
Schedule of Expenditures of Federal and State Awards		182-185





**Thompson, Price, Scott, Adams & Co, P.A.**

**P.O Box 398  
1626 S. Madison Street  
Whiteville, NC 28472  
Telephone (910) 642-2109  
Fax (910) 642-5958**

---

**Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
County of Johnston  
Smithfield, 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 the County of Johnston, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the County of Johnston's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Johnston County ABC Board. 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 Johnston 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 Johnston 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.

**Members**

**American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms**

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 upon 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Johnston, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 15, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, the Law Enforcement Officers' Special Separation Allowance schedules, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 83 through 89, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*Thompson, Price, Scott, Adams & Co., P.A.*

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
January 22, 2020

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

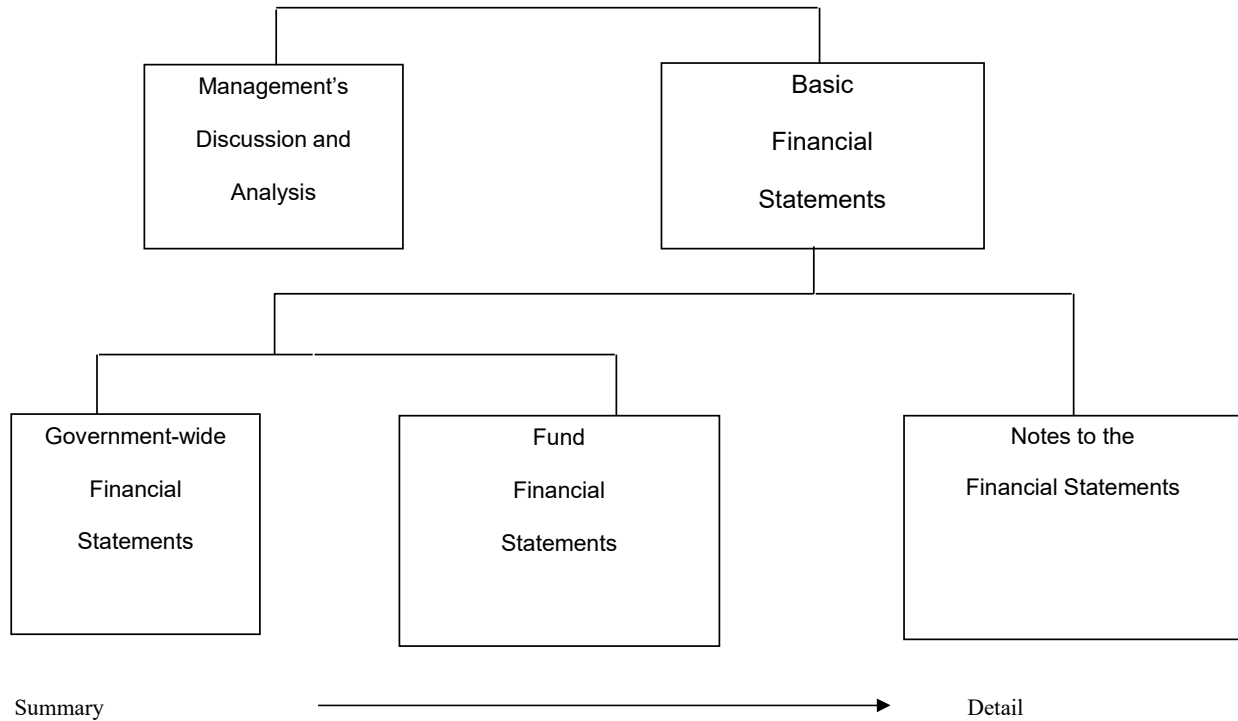
### **Financial Highlights**

- The liabilities and deferred inflows of resources of Johnston County's primary government exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$137,024,808 (net position).
- The primary government's total net position increased by \$40,598,092, primarily due to increase in property tax and increase in charges for services.
- As of the close of the current fiscal year, Johnston County's governmental funds reported combined ending fund balances of \$117,985,303, an increase of \$23,375,894 in comparison with the prior year. Approximately 36.72 percent of this total amount, or \$43,321,602, is restricted or non-spendable.
- At the end of the current fiscal year, legally available fund balance for the General Fund was \$64,584,729, or 29.12 percent of total general fund expenditures for the fiscal year.
- Johnston County's total debt decreased by \$11,879,418 during the current fiscal year (includes premium on issuance as well). The key factors in this decrease was primarily due to the issuance of clean water revolving loans to finance the construction of water distribution systems and the issuance of School Bonds, offset by debt service payments made for the year. The County issued \$20,000,000 in School bonds.
- Johnston County maintained its Aa1 from Moody's Investors and maintained their AA+ rating from Standard and Poor's rating services.

### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**  
**Figure 1**



**Basic Financial Statements**

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

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

### **Government-wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and landfill services offered by Johnston County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The County then distributes the profits among the County and municipalities in the County. The County also reports the Tourism Development Authority and the Airport Authority as component units.

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

### **Fund Financial Statements**

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

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

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

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

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Johnston County has five fiduciary funds, all of which are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 28 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Johnston County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 82 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of Johnston County's primary government exceeded its assets and deferred outflows of resources by \$137,024,808 as of June 30, 2019. The County's net position increased by \$40,598,092 for the fiscal year ended June 30, 2019. Net position is reported in three categories: Net investment in capital assets of \$165,399,966, restricted net position of \$46,437,583, and unrestricted net position of \$(348,862,357).

**Johnston County's Net Position**

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other assets	\$ 122,321,954	\$ 98,950,384	\$ 78,970,872	\$ 64,620,877	\$ 201,292,826	\$ 163,571,261
Capital Assets	59,502,912	59,536,792	210,361,206	206,928,069	269,864,118	266,464,861
Total Assets	181,824,866	158,487,176	289,332,078	271,548,946	471,156,944	430,036,122
Total deferred outflows of resources	43,262,112	22,027,224	4,119,811	1,263,186	47,381,923	23,290,410
Long-term liabilities	412,388,414	400,669,680	134,602,776	136,322,639	546,991,190	536,992,319
Other liabilities	60,699,631	53,835,876	12,197,839	10,523,416	72,897,470	64,359,292
Total Liabilities	473,088,045	454,505,556	146,800,615	146,846,055	619,888,660	601,351,611
Total deferred inflows of resources	16,250,042	13,313,236	19,424,973	16,284,585	35,675,015	29,597,821
Net Position						
Net investment in capital assets	59,202,912	58,501,930	106,197,054	100,117,482	165,399,966	158,619,412
Restricted	43,321,602	30,960,292	3,115,981	932,374	46,437,583	31,892,666
Unrestricted	(366,775,623)	(376,766,614)	17,913,266	8,631,636	(348,862,357)	(368,134,978)
Total Net Position	\$ (264,251,109)	\$ (287,304,392)	\$ 127,226,301	\$ 109,681,492	\$ (137,024,808)	\$ (177,622,900)

The net investment in capital assets category is defined as the County's investment in County owned capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Johnston County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Johnston County's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Unrestricted net position (deficit) totaled \$(348,862,357) at June 30, 2019. This deficit is a result of the situation described in the following paragraph.

JOHNSTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 debt incurred for use by the Johnston County Board of Education to construct, renovate and equip schools. Under North Carolina law, the County is responsible for providing capital funding for the schools. The County has chosen to meet its obligation to provide the schools capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the schools. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$266,393,763 of the outstanding debt on the County's financial statements was related to assets included in the public schools financial statements.

However, since the majority of this school related debt is general obligation debt, it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate and amount, as may be necessary to pay the debt service on its general obligation bonds.

The impact on unrestricted governmental net position of the inclusion of the school system debt without the corresponding assets was offset by the following positive factors:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.89%, resulted in a slight decrease from last year's collection rate of 99.91%.
- Increased charges for services revenue due to growth in the use of County facilities.
- Continued low cost of debt due to the County's high bond rating.



**Johnston County's Changes in Net Position**  
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 24,095,660	\$ 22,270,705	\$ 52,053,953	\$ 47,914,943	\$ 76,149,613	\$ 70,185,648
Operating grants and contributions	23,692,010	26,079,191	5,270,603	5,283,903	28,962,613	31,363,094
Capital grants and contributions	2,550,366	2,357,500	5,250,423	3,745,520	7,800,789	6,103,020
<b>General revenues:</b>						
Property taxes	142,490,718	137,023,642	-	-	142,490,718	137,023,642
Other taxes	47,121,435	41,768,948	-	-	47,121,435	41,768,948
Grants and contributions not restricted to specific programs	1,798,928	2,004,622	-	-	1,798,928	2,004,622
Other	2,167,867	1,282,806	2,800,110	2,938,866	4,967,977	4,221,672
<b>Total revenues</b>	<b>243,916,984</b>	<b>232,787,414</b>	<b>65,375,089</b>	<b>59,883,232</b>	<b>309,292,073</b>	<b>292,670,646</b>
<b>Expenses:</b>						
Administrative	-	-	1,175,460	918,836	1,175,460	918,836
General government	21,383,550	21,555,404	-	-	21,383,550	21,555,404
Public safety	57,477,874	52,942,998	-	-	57,477,874	52,942,998
Economic and physical development	7,830,630	6,582,652	-	-	7,830,630	6,582,652
Human services	41,241,147	42,879,205	-	-	41,241,147	42,879,205
Cultural and recreation	480,500	456,000	-	-	480,500	456,000
Education	82,770,980	93,768,459	-	-	82,770,980	93,768,459
Interest on long-term debt	9,279,020	10,292,162	-	-	9,279,020	10,292,162
Solid Waste	-	-	4,675,247	8,104,465	4,675,247	8,104,465
Water Districts	-	-	12,715,355	12,415,663	12,715,355	12,415,663
Water	-	-	17,878,015	16,683,638	17,878,015	16,683,638
Wastewater	-	-	7,766,510	7,676,844	7,766,510	7,676,844
Housing Assistance	-	-	4,019,693	4,030,311	4,019,693	4,030,311
<b>Total expenses</b>	<b>220,463,701</b>	<b>228,476,880</b>	<b>48,230,280</b>	<b>49,829,757</b>	<b>268,693,981</b>	<b>278,306,637</b>
Increase (decrease) in net position before transfers and special items	23,453,283	4,310,534	17,144,809	10,053,475	40,598,092	14,364,009
Transfers	(400,000)	(973,770)	400,000	867,096	-	(106,674)
Increase (Decrease) in net position after transfers and special items	23,053,283	3,336,764	17,544,809	10,920,571	40,598,092	14,257,335
Net position, beginning	(287,304,392)	(210,338,109)	109,681,492	110,155,608	(177,622,900)	(100,182,501)
Net position, beginning (restated)	(287,304,392)	(290,641,156)	109,681,492	98,760,921	(177,622,900)	(191,880,235)
Net position, ending	\$ (264,251,109)	\$ (287,304,392)	\$ 127,226,301	\$ 109,681,492	\$ (137,024,808)	\$ (177,622,900)

**Governmental activities.** Governmental activities increased the County's net position by \$23,053,283. Key elements of this increase are as follows:

Total revenues increased \$11,129,570. Expenses also decreased by \$8,013,179, mainly due to decreased expenses for human services and education.

The County has been able to maintain a high tax collection rate of 99.89%.

**Business-type activities:** Business-type activities increased Johnston County's net position by \$17,544,809. Key elements of this increase are as follows:

Net position increased in the Solid Waste Fund \$3,457,772, in the Water Fund \$4,904,269, in the Wastewater Fund \$6,675,819, in the Water District Fund \$2,185,648, and the non-major proprietary funds of \$321,301. The County received \$4,477,260 in system development fees during the year which were set aside in capital reserve funds.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Johnston County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Johnston 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 Johnston County. At the end of the current fiscal year, Johnston County's fund balance available in the General Fund was \$64,584,729 while total fund balance reached \$84,084,063. The governing body of Johnston County has determined that the county should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 29.12% of general fund expenditures, while total fund balance represents 37.92% of that same amount.

The School Bond fund is used to account for bond proceeds and expenditures for school capital needs. Fund balance increased by \$11,921,866 as a result of new debt issued for school projects.

At June 30, 2019, the governmental funds of Johnston County reported a combined fund balance of \$117,985,303, a 24.71 percent increase from last year. The General Fund balance increased by \$10,363,024, primarily because the County was able to realize increases in local option sales tax as a result of economic improvements in the area and increased ad valorem tax revenues.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$7,908,643. The main reasons for these increases were: appropriations needed for Sheriff department expenditures, appropriations needed for EMS ambulances, and an increase in state grants for Emergency Management, Public Health, and Department of Social Services.

**Proprietary Funds.** The County of Johnston's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water Fund amounted to (\$10,608,598), the Wastewater Treatment Fund amounted to \$21,102,974, the Water District Funds amounted to \$10,367,785, the Solid Waste Fund amount to (\$3,316,103), and the non-major proprietary funds amounted to \$367,208. The total increase in unrestricted net position amounted to \$9,281,630 when compared to the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the County of Johnston's business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** Johnston County's capital assets for its governmental and business – type activities as of June 30, 2019, totals \$269,864,118 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water lines.

**Johnston County's Capital Assets**

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 3,109,864	\$ 3,109,864	\$ 8,313,637	\$ 8,313,637	\$ 11,423,501	\$ 11,423,501
Land Improvements	-	-	-	-	-	-
Other Improvements	1,295,123	1,145,171	-	-	1,295,123	1,145,171
Buildings (Plant and distribution systems)	45,898,481	47,586,545	162,461,274	161,731,177	208,359,755	209,317,722
Equipment	4,095,082	4,033,564	4,575,446	4,395,665	8,670,528	8,429,229
Vehicles	3,314,212	2,480,835	1,240,560	1,108,651	4,554,772	3,589,486
Software	352,894	422,212	-	-	352,894	422,212
Intangibles	-	-	27,989,050	22,329,377	27,989,050	22,329,377
Construction in Progress	1,437,256	758,601	5,781,239	9,049,562	7,218,495	9,808,163
<b>Total</b>	<b>\$ 59,502,912</b>	<b>\$ 59,536,792</b>	<b>\$ 210,361,206</b>	<b>\$ 206,928,069</b>	<b>\$ 269,864,118</b>	<b>\$ 266,464,861</b>

Major capital asset transactions during the year include:

- Water and Wastewater Improvements
- Sheriff Department Vehicles
- Emergency Services Equipment

Additional information on the County's capital assets can be found in notes to the Financial Statements (pages 40-47).

**Long-term Debt.** As of June 30, 2019, Johnston County had total bonded debt outstanding of \$261,520,000, all of which is debt backed by the full faith and credit of the County or the County's water districts.

**Johnston County's Outstanding Debt**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 217,065,000	\$ 219,525,000	\$ 44,455,000	\$ 45,765,000	\$ 261,520,000	\$ 265,290,000
Limited obligation bonds	47,546,000	51,804,000	58,240,000	60,410,000	105,786,000	112,214,000
Unamortized bond premium	22,026,103	22,296,222	3,348,924	3,592,238	25,375,027	25,888,460
Clean water revolving loans	-	-	34,290,533	34,372,903	34,290,533	34,372,903
Installment purchase loans	300,000	1,034,862	10,281,858	10,522,298	10,581,858	11,557,160
Revenue Bonds	-	-	6,095,398	6,203,398	6,095,398	6,203,398
Other Notes Payables	-	-	32,441	34,754	32,441	34,754
<b>Total</b>	<b>\$ 286,937,103</b>	<b>\$ 294,660,084</b>	<b>\$ 156,744,154</b>	<b>\$ 160,900,591</b>	<b>\$ 443,681,257</b>	<b>\$ 455,560,675</b>

Johnston County's total debt decreased by \$11,879,418 during the past fiscal year, primarily due to the repayment of debt service, offset by the issuance of state revolving loans to finance the construction of the water and sewer distribution systems and the issuance of school bonds.

As mentioned in the financial highlights section of this document, Johnston County maintained its Aa1 from Moody's Investor Services, and maintained their rating of AA+ from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Johnston County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Johnston County is \$1,042,786,746. The County has \$92,525,000 in General Obligation bonds authorized but un-issued at June 30, 2019.

Additional information regarding Johnston County's long-term debt can be found in the notes to the financial statements (pages 62-77).

### **Economic Factors and Next Year's Budgets and Rates**

The County's overall economy is diversified with a balance of industrial, commercial, and agriculture enterprises. The production of pharmaceutical products, heavy equipment, and other products, along with durable goods assembly operations and distribution centers have provided relatively stable employment to County residents and have been the object of significant capital expenditures over the years. The County's estimated average labor force for the calendar year 2018 was 96,136. The County's estimated average unemployment rate for calendar year 2018 was 3.6%, as compared to the State's estimated average unemployment rate of 3.9% for the same period. The County's estimated unemployment rate for June 2019 was 4.2%, as compared to the State's estimated unemployment rate for the same period of 4.4%.

The western portion of the County has directly benefited from its proximity to (1) the Research Triangle Park, with over 6,900 acres of land set aside for research and research-oriented manufacturing activities, which includes more than 250 research and development facilities employing over 46,000 persons; (2) regional employers in and around the City of Raleigh, the State's capitol and a major urban center, which include private sector opportunities with Fortune 500 companies, federal and State government positions and expanding medical service careers; and (3) numerous institutions of higher education including North Carolina State University in the City of Raleigh, The University of North Carolina in the Town of Chapel Hill, Duke University and North Carolina Central University in the City of Durham and East Carolina University in the City of Greenville.

The County's employment base includes approximately 10% of all biopharmaceutical jobs in the State. The area southeast of the Town of Clayton is home to two large international pharmaceutical companies, as well as a special purpose Research and Training Zone ("RTZ"), which is an economic development and training district created through special legislation that supports the special needs of the local pharmaceutical industries. The RTZ includes a 30,000 square-foot workforce development center, an educational and technical skills training center that ensures the pharmaceutical employee base is updated with state-of-the-art techniques and procedures. In September 2018, a \$1.3 million renovation of the center was completed. The renovation allows more hands-on lab training and simulation opportunities and will improve how skilled employees are trained for regional bio-manufacturing industries (see "Education" herein).

The largest manufacturing employer in the County currently is Grifols Therapeutics Inc. ("Grifols"), an international manufacturer of blood plasma related products for a variety of applications, employing approximately 1,650. The blood plasma facility has been in operation since 1981 and is the primary Grifols manufacturing facility. In November 2017, Grifols received recognition as one of the 500 best companies to work for by Forbes Magazine.

Grifols' facilities and operations at its complex near Clayton include a 155,000 square-foot, \$370 million North Fractionation Facility ("NFF") that opened in 2014, created an additional 200 jobs, and is the world's largest, as well as one of the most technologically advanced plasma fractionation facilities. The NFF was named the 2014 Facility of the Year for Project Execution by the International Society for Pharmaceutical Engineering. Grifols also completed construction in recent years of a new approximately \$22.5 million, three-story, 100,000 square-foot office building that houses 400 employees, as well as a new approximately \$7.5 million, 59,000 square-foot warehouse. In addition, a \$210 million expansion announced in 2016 includes a \$90 million, 82,550 square-foot fractionation plant currently under construction adjacent to the NFF and a \$120 million, 150,000 square-foot purification and filling facility for the production of intravenous immunoglobulin and factor VIII products. The fractionation plant is scheduled to be operational in 2021 and the purification and filling facility is scheduled to be operational in 2022. Grifols anticipates the two facilities together will create approximately 250 new jobs. In December 2017, Grifols purchased an additional 467 acres adjacent to its site near Clayton for future site expansion.

As a leader in humanitarian efforts, Grifols has partnered with the Republic of Liberia and constructed a dedicated processing facility at its complex near Clayton to explore an innovative approach to combat the Ebola virus. In December 2018, Grifols began purifying plasma from healthy Ebola survivors from Liberia for use in producing anti-Ebola immunoglobulin, a potential treatment for patients affected by the Ebola virus disease.

Novo Nordisk Pharmaceutical Industries ("Novo Nordisk"), the world's largest supplier of insulin products, opened its facility in the Clayton area in 1993, and currently employs over 1,100 at its Diabetes Finished Products ("DFP") manufacturing facility. The DFP facility is responsible for the formulation, filling, inspection, assembly and packaging of diabetes and obesity medicines, which are marketed in North America, Europe, New Zealand and Australia. Novo Nordisk has expanded its operation in the Clayton area several times over the years. An approximately \$102 million expansion was completed in recent years which created approximately 110 new jobs.

In August 2015, Novo Nordisk announced plans to build a new \$1.2 to \$1.85 billion, 200,000 square-foot bio-processing facility for Diabetes Active Pharmaceutical Ingredients ("DAPI") adjacent to its current site in the Clayton area. The ground breaking for the project was held on March 28, 2016. Up to 2,500 workers have been employed during construction and the new facility is expected to be operational in 2020. The new facility is anticipated to create approximately 690 jobs with an average annual salary of approximately \$68,420. The new positions will span manufacturing, administrative, technical services and support personnel. The DAPI facility will be one of only two in the world for Novo Nordisk (the first outside of Denmark) and will ensure production capacity for diabetes care products in the US for the decade ahead.

In February 2018, Novo Nordisk announced plans for a \$65 million expansion of the existing DFP facility in the County, which is expected to result in the creation of approximately 25 jobs. Another \$22 million expansion for the DFP facility was announced in December 2018 that is expected to create approximately 22 jobs. This was the fourth expansion announcement since 2010.

Another large manufacturing employer in the County is the Building and Construction Products Division of Caterpillar Inc. ("CAT"), a Fortune 100 company, located near the Town of Clayton. The facility currently assembles and distributes all CAT rubber tire front-end loaders for North America and the export market. CAT completed construction of a Machine Development Center on 252 acres adjacent to its Clayton assembly facility in July, 2013. The approximately 55,000 square-foot facility is where prototype machines are designed, tested and subjected to customers' hands-on operation and critique. At a state-of-the-art heavy equipment test track located at the center, engineers can get hands-on experience testing out new equipment, with a focus on design elements that can be incorporated into new Caterpillar machines. CAT employs approximately 599 at its Clayton facilities

Further east in the County along the Interstate Highway 95 ("I-95") corridor, several economic development expansions have been announced or have taken place in recent months as follows:

- Iowa 80 Group, which owns the Kenly 95 Truckstop in the Town of Kenly at I-95 Exit 106, announced it would invest approximately \$4 million to expand the truck stop by adding approximately 30,000 square feet for its diesel repair and customer service area. Current employees total approximately 200 and the expansion is expected to add approximately 15 new employees. In 2016, Kenly 95 expanded with a 23,000 square-foot Super Truck Showroom, making it the largest truck stop on the East Coast.
- An approximately \$9.2 million Hampton Inn opened in the Fall of 2017 near I-95 in the Town of Benson. The hotel includes 89 rooms and a lower-level conference space and employs approximately 25 people. The site also includes a 2.3 acre outparcel for a 4,000 square-foot quick-service restaurant and a 6,000 square-foot full-service restaurant.
- OPW Fueling Containment Systems, a designer and manufacturer of retail fueling products such as below ground piping and containment systems, as well as underground storage tank equipment, invested approximately \$4 million in a 100,000 square-foot expansion of its Smithfield facility. Approximately 80 new jobs are expected at its Smithfield location as a result of the expansion which will also include \$7.78 million in capital equipment over two years. The expansion allows OPW to manufacture above ground retail fueling equipment, including fuel nozzles, swivels and breakaways.
- In January 2018, Penn Compression Molding, a national manufacturer of custom molding thermoset composites, began an expansion project investing approximately \$3 million in its Smithfield operation to include another 30,000 square feet of production space, resulting in the addition of approximately 40 new jobs.
- Sysco Corporation, a food service distributor with an operation in the Town of Selma, is adding a 147,000 square-foot addition to its facility for dry storage at an approximate cost of \$23 million.
- In January 2019, Blue Line Aviation LLC announced plans to build a state-of-the-art aviation facility and headquarters at Johnston Regional Airport, to include a hangar and flight school for both private and commercial aviation. The \$13 million project is expected to bring more than 50 new jobs during its first year. It is expected to include 22,000 square feet of training, office and restaurant space, 20,000 square feet of hangar space, an observation area, a playground, a roof-top restaurant and a full motion flight simulator.
- Plans were unveiled in February 2019 for Eastfield, an approximately \$287.5 million mixed-use 353-acre development, to be located on the east side of the intersection of I-95 and US Highway 70/future Interstate 42 in the Smithfield-Selma area. AdVenture Development, LLC, a full-service real estate company with offices in the Town of Selma as well as the City of Pittsburgh, plans to construct Eastfield in two phases. The first phase is one million square-feet of warehouse and flex-space for industrial and office tenants. The anticipated cost of phase one is approximately \$40 million and it is scheduled to be completed by 2023. This new industrial space is part of a much larger plan for the remainder of the development to include medical office facilities, single-family and multi-unit housing, retail shops, hotels and a senior living community. The Eastfield Project is anticipated to eventually include The Shops at Eastfield, Eastfield Estates, Eastfield Park and Eastfield Village. Upon completion, which is anticipated for 2031, it is expected that Eastfield will be home to as many as 3,100 jobs. Triangle East Collaborative, the first phase of Eastfield Crossing which includes renovation of the former JR Outlet building, is underway.

- Dollar General announced in February 2019 plans to assume 320,000 square-feet of storage space at the Carolina Distribution Center in the Town of Clayton. The company will invest approximately \$13 million at the site and plans to hire approximately 105 employees. (Note: Dollar General will lease space previously leased by Smithfield Foods, Inc.)
- Linamar Corporation announced in February 2019 it will assume operations in an existing building in the Town of Selma. It will invest approximately \$3 million and create approximately 24 jobs. The company manufactures chassis and powertrain products for the automotive industry.
- In May 2019, Broad River Retail LLC broke ground on a 182,300-square foot facility that will include an Ashley HomeStore, as well as an Ashley HomeStore Outlet connected to a distribution center, a call center and a learning center just off I-95 near Four Oaks. The facility will represent an investment of approximately \$16 million and is anticipated to create approximately 160 jobs when complete.

The Atlantic Coast Pipeline (the "ACP") is an approximately 600-mile interstate natural gas pipeline being developed by four leading U.S. energy companies: Dominion Energy, Duke Energy, Piedmont Natural Gas and Southern Company Gas. The ACP is designed to originate in West Virginia, travel through Virginia with a lateral extending to Chesapeake, VA, and then continue south into eastern North Carolina, ending in Robeson County. Construction of the ACP began in 2018 in parts of West Virginia and North Carolina, and final approvals for construction in Virginia were received in 2018 as well. However, in December 2018, a stay was issued by the 4th Circuit Court of Appeals on findings by the U.S. Fish and Wildlife Service on treatment of endangered species' habitats needed for construction of the project, blocking the ACP's permit to cross the Appalachian Trail. Based on the stay, construction along the entire route of the ACP was voluntarily halted. In February 2019, the 4th Circuit Court of Appeals denied an appeal to reconsider the ruling. The U.S. Supreme Court has agreed to hear the case, with a final ruling expected sometime by June 2020. The delay caused by the rulings and subsequent appeals are estimated to increase the cost of the ACP to as much as \$7.8 billion, and could delay the completion (originally estimated for 2019) until the end of 2021. The pipeline (if completed) is designed to follow Interstate 95 through Johnston County, and is expected to help the County attract new, energy-dependent businesses and industries.

The County is also becoming a center for the medical services industry and related employment. Johnston Health, formerly named Johnston Memorial Hospital, is located in the Town of Smithfield and the Town of Clayton is also the site of Johnston Health – Clayton, both full service hospitals (See "Medical Facilities" herein). The area surrounding Johnston Health - Clayton is attracting significant new retail, office (including medical offices), and high-density residential development. An additional medical facility with 38,000 square feet and affiliated with WakeMed, the largest regional hospital in the Raleigh-Durham-Chapel Hill area, is also located in the Town of Clayton.

The County's agricultural economy is diversified with field crops, livestock, poultry, horticultural crops, forestry, agritourism, and agribusiness. This diversification in the local agricultural economy complements the industrial and commercial sectors. The major sources of farm income are from the production of tobacco, sweet potatoes, nursery and greenhouse crops, forestry and forest products, cattle, swine, turkeys, vegetable crops, cotton, grain, peanuts, and a mixture of other crops and livestock. There is a strong demand for leasing farmland in the County for the production of crops. The County routinely ranks among the top two to three counties in the nation in the production of sweet potatoes and flue-cured tobacco, and among the top counties in North Carolina in the production of greenhouse and nursery crops. Flue-cured tobacco continues to be the primary cash crop for local farms. Farm businesses have made significant investments in equipment to both continue and modernize agricultural production, while also diversifying farm production with vegetable crops and livestock. At the present time, there is a strong demand for the products and commodities produced on farms located in the County in spite of negative pressure from global trade concerns.

The County has also experienced growth in the retail sector in recent years. Many shopping centers offering a variety of retailers, grocery chains and specialty shops are located in the County. Carolina Premium Outlets, the largest retail complex in the County, is located along I-95 in the Town of Smithfield, attracting regional shoppers as well as tourist traffic. The outlet center includes 83 stores with over 443,000 square-feet and several outparcels.

The western and northern portions of the County in and around the Town of Clayton, the Cleveland community and the McGee's Crossroads area have experienced significant residential development over the past 20-30 years, with a recent increase in demand for new housing. Many homes of varying sizes and price levels are in various stages of planning and are expected to be built in various communities, often within walking distance of various planned amenities and schools.

JOHNSTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Significant economic indicators for the County are as follows:

<u>Indicator</u>	<u>Johnston County</u>	<u>North Carolina</u>
Population Increase 2001-2018	56.90%	26.60%
Projected Population Increase 2020-2039	50.30%	21.50%
Average Unemployment Rate 2018	3.60%	3.90%
Per Capita Income 2018	\$39,922	\$46,117
Median Household Income 2017	\$54,610	\$52,752

**Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Ad Valorem tax revenue is anticipated to grow by 15 percent due to revaluation of County property taxes, and sales tax revenue is anticipated to grow by 7 percent over the next year. The County will use modest increases in revenues to finance programs currently in place and service additional debt service for school construction.

Budgeted expenditures in the General Fund increased 6 percent, mainly due to increases in public safety and school current expense. The largest budgeted expenditures are in school current expense and debt service.

**Business – type Activities:** The water and sewer and solid waste rates all had slight increases to cover the operations of these utility programs.

**Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Johnston County, Post Office Box 1049, Smithfield, NC 27577. You can also call (919) 989-5112, visit our website at [www.johnstonnc.com](http://www.johnstonnc.com), or send an email to [chad.mclamb@johnstonnc.com](mailto:chad.mclamb@johnstonnc.com) for more information.

## **BASIC FINANCIAL STATEMENTS**



**Johnston County, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Units			Total Reporting Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Johnston ABC Board	Johnston Tourism Development	Johnston County Airport	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 78,188,760	\$ 67,494,921	\$ 145,683,681	\$ 2,701,858	\$ 867,241	\$ 486,906	\$ 149,739,686
Receivables (net):							
Property Taxes	151,650	-	151,650	-	-	-	151,650
Accounts	3,082,957	4,799,809	7,882,766	-	176,206	86,937	8,145,909
Notes	120,000	-	120,000	-	-	-	120,000
Interest	3,181	194,523	197,704	3,737	-	-	201,441
Inventories	-	-	-	2,009,751	-	18,140	2,027,891
Internal Balances	70,449	(70,449)	-	-	-	-	-
Due from other governments	15,193,004	535,278	15,728,282	-	-	193,291	15,921,573
Prepaid items	-	1,473	1,473	6,825	-	19,575	27,873
Restricted assets:							
Cash and cash equivalents	25,149,439	6,015,317	31,164,756	-	-	-	31,164,756
Net Pension Asset	362,514	-	362,514	-	-	-	362,514
Capital assets:							
Land, improvements, and construction in process	4,547,120	14,094,876	18,641,996	171,966	-	2,661,440	21,475,402
Other capital assets, net of depreciation	54,955,792	196,266,330	251,222,122	905,722	-	16,567,314	268,695,158
Total Capital assets	59,502,912	210,361,206	269,864,118	1,077,688	-	19,228,754	290,170,560
Total assets	\$ 181,824,866	\$ 289,332,078	\$ 471,156,944	\$ 5,799,859	\$ 1,043,447	\$ 20,033,603	\$ 498,033,853
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge - refunding	\$ 9,347,848	\$ -	\$ 9,347,848	\$ -	\$ -	\$ -	\$ 9,347,848
Pension related deferrals	14,300,652	1,626,633	15,927,285	229,069	87,353	81,988	16,325,695
OPEB related deferrals	19,613,612	2,493,178	22,106,790	84,720	-	148,265	22,339,775
Total deferred outflows of resources	\$ 43,262,112	\$ 4,119,811	\$ 47,381,923	\$ 313,789	\$ 87,353	\$ 230,253	\$ 48,013,318
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 3,221,917	\$ 1,010,168	\$ 4,232,085	\$ 1,348,080	\$ 80,573	\$ 229,854	\$ 5,890,592
Payroll withholdings	44,655	-	44,655	-	-	-	44,655
Solid waste fines	-	81,838	81,838	-	-	-	81,838
Customer Deposits	382,109	2,613,525	2,995,634	-	-	20,330	3,015,964
Accrued interest	3,759,710	556,380	4,316,090	-	-	-	4,316,090
Current portion of long-term liabilities	31,851,273	5,836,843	37,688,116	-	-	30,917	37,719,033
Long-term liabilities:							
Accrued landfill closure and postclosure	-	15,620,493	15,620,493	-	-	-	15,620,493
Net Pension Liability	17,873,399	2,099,085	19,972,484	233,201	112,723	105,800	20,424,208
Net Pension Liability - LEOSSA	3,566,568	-	3,566,568	-	-	-	3,566,568
Net OPEB Liability	153,445,868	20,161,157	173,607,025	3,330,530	-	1,221,789	178,159,344
Due in more than one year	258,942,546	98,821,126	357,763,672	-	-	29,872	357,793,544
Total liabilities	\$ 473,088,045	\$ 146,800,615	\$ 619,888,660	\$ 4,911,811	\$ 193,296	\$ 1,638,562	\$ 626,632,329
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Prepayments	\$ 173,806	\$ -	\$ 173,806	\$ -	\$ -	\$ -	\$ 173,806
Pension related deferrals	427,652	26,759	454,411	1,207	1,437	1,349	458,404
OPEB related deferrals	15,648,584	2,056,057	17,704,641	296,458	-	124,599	18,125,698
Water plant capacity	-	17,342,157	17,342,157	-	-	-	17,342,157
Total deferred inflows of resources	\$ 16,250,042	\$ 19,424,973	\$ 35,675,015	\$ 297,665	\$ 1,437	\$ 125,948	\$ 36,100,065
<b>NET POSITION</b>							
Net investment in capital assets	\$ 59,202,912	\$ 106,197,054	\$ 165,399,966	\$ 1,077,688	\$ -	\$ 19,049,837	\$ 185,527,491
Restricted for:							
Stabilization by State Statute	19,499,334	-	19,499,334	-	176,206	-	19,675,540
Education	23,822,268	-	23,822,268	-	-	-	23,822,268
Utilities - Capital Needs	-	2,721,107	2,721,107	-	-	-	2,721,107
Utilities - Reclamation	-	187,346	187,346	-	-	-	187,346
Housing Assistance Program	-	207,528	207,528	-	-	-	207,528
Working Capital	-	-	-	538,792	-	-	538,792
Unrestricted	(366,775,623)	17,913,266	(348,862,357)	(712,308)	759,861	(550,491)	(349,365,295)
Total net position	\$ (264,251,109)	\$ 127,226,301	\$ (137,024,808)	\$ 904,172	\$ 936,067	\$ 18,499,346	\$ (116,685,223)

**Johnston County, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Johnston ABC Board	Johnston Tourism Development	Johnston Airport Authority	Total Reporting Unit	
					Governmental Activities	Business-type Activities					Total
<b>Primary government:</b>											
Government activities:											
General government	\$ 21,383,550	\$ 7,548,383	\$ 3,767,352	\$ 12,366	\$ (10,055,449)	\$ -	\$ (10,055,449)	\$ -	\$ -	\$ -	\$ (10,055,449)
Public safety	57,477,874	4,467,310	1,854,472	-	(51,156,092)	-	(51,156,092)	-	-	-	(51,156,092)
Economic and physical development	7,830,630	837,161	18,070,186	-	11,076,717	-	11,076,717	-	-	-	11,076,717
Human services	41,241,147	11,242,806	-	-	(29,998,341)	-	(29,998,341)	-	-	-	(29,998,341)
Cultural and recreational	480,500	-	-	-	(480,500)	-	(480,500)	-	-	-	(480,500)
Education	82,770,980	-	-	2,538,000	(80,232,980)	-	(80,232,980)	-	-	-	(80,232,980)
Interest Expense	9,279,020	-	-	-	(9,279,020)	-	(9,279,020)	-	-	-	(9,279,020)
Total governmental activities	<u>220,463,701</u>	<u>24,095,660</u>	<u>23,692,010</u>	<u>2,550,366</u>	<u>(170,125,665)</u>	<u>-</u>	<u>(170,125,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,125,665)</u>
Business-type activities:											
Administrative	1,175,460	1,258,975	195,234	-	-	278,749	278,749	-	-	-	278,749
Solid Waste	4,675,247	6,713,515	868,927	-	-	2,907,195	2,907,195	-	-	-	2,907,195
Water Districts	12,715,355	14,749,104	29,289	1,886,700	-	3,949,738	3,949,738	-	-	-	3,949,738
Water	17,878,015	18,046,572	159,322	250,000	-	577,879	577,879	-	-	-	577,879
Wastewater	7,766,510	11,285,787	18,000	3,113,723	-	6,651,000	6,651,000	-	-	-	6,651,000
Housing assistance	4,019,693	-	3,999,831	-	-	(19,862)	(19,862)	-	-	-	(19,862)
Total business-type activities	<u>48,230,280</u>	<u>52,053,953</u>	<u>5,270,603</u>	<u>5,250,423</u>	<u>-</u>	<u>14,344,699</u>	<u>14,344,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,344,699</u>
Total primary government	<u>\$ 268,693,981</u>	<u>\$ 76,149,613</u>	<u>\$ 28,962,613</u>	<u>\$ 7,800,789</u>	<u>\$ (170,125,665)</u>	<u>\$ 14,344,699</u>	<u>\$ (155,780,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (155,780,966)</u>
<b>Component units:</b>											
Johnston ABC Board	\$ 18,020,242	\$ 18,193,694	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,452	\$ -	\$ -	\$ 173,452
Johnston Tourism Development	1,524,598	-	7,000	-	-	-	-	-	(1,517,598)	-	(1,517,598)
Johnston County Airport Authority	2,208,476	1,543,189	-	1,258,805	-	-	-	-	-	593,518	593,518
Total component units	<u>\$ 21,753,316</u>	<u>\$ 19,736,883</u>	<u>\$ 7,000</u>	<u>\$ 1,258,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,452</u>	<u>\$ (1,517,598)</u>	<u>\$ 593,518</u>	<u>\$ (750,628)</u>
General Revenues:											
Ad valorem taxes					142,490,718	-	142,490,718	-	-	-	142,490,718
Local option sales tax					47,121,435	-	47,121,435	-	-	-	47,121,435
Other taxes					-	-	-	-	1,557,451	-	1,557,451
Unrestricted intergovernmental					1,798,928	-	1,798,928	-	-	-	1,798,928
Investment income					1,255,622	2,654,185	3,909,807	16,987	968	516	3,928,278
Miscellaneous					912,245	145,925	1,058,170	-	6,214	66,668	1,131,052
Transfers					(400,000)	400,000	-	-	-	-	-
Total general revenues and transfers					<u>\$ 193,178,948</u>	<u>\$ 3,200,110</u>	<u>\$ 196,379,058</u>	<u>\$ 16,987</u>	<u>\$ 1,564,633</u>	<u>\$ 67,184</u>	<u>\$ 198,027,862</u>
Change in net position					<u>23,053,283</u>	<u>17,544,809</u>	<u>40,598,092</u>	<u>190,439</u>	<u>47,035</u>	<u>660,702</u>	<u>41,496,268</u>
Net position - beginning					<u>(287,304,392)</u>	<u>109,681,492</u>	<u>(177,622,900)</u>	<u>713,733</u>	<u>889,032</u>	<u>17,838,644</u>	<u>(158,181,491)</u>
Net position - ending					<u>\$ (264,251,109)</u>	<u>\$ 127,226,301</u>	<u>\$ (137,024,808)</u>	<u>\$ 904,172</u>	<u>\$ 936,067</u>	<u>\$ 18,499,346</u>	<u>\$ (116,685,223)</u>

**Johnston County, North Carolina**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2019**

	Major		Non-Major	Total Governmental Funds
	General	School Bond Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 68,056,262	\$ -	\$ 10,132,498	\$ 78,188,760
Restricted cash	778,624	24,370,815	-	25,149,439
Receivables (net):				
Taxes	95,515	-	49,646	145,161
Accounts	2,961,095	-	121,862	3,082,957
Interest	3,181	-	-	3,181
Notes	120,000	-	-	120,000
Due from other funds	190,000	-	70,688	260,688
Due from other governments	15,185,778	-	7,226	15,193,004
Total assets	<u>\$ 87,390,455</u>	<u>\$ 24,370,815</u>	<u>\$ 10,381,920</u>	<u>\$ 122,143,190</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,434,578	\$ 548,547	\$ 238,792	\$ 3,221,917
Payroll withholdings	44,355	-	300	44,655
Customer Deposits	382,109	-	-	382,109
Due to other funds	176,029	-	14,210	190,239
Total liabilities	<u>3,037,071</u>	<u>548,547</u>	<u>253,302</u>	<u>3,838,920</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid Taxes	173,806	-	-	173,806
Taxes receivable	95,515	-	49,646	145,161
Total deferred inflows of resources	<u>269,321</u>	<u>-</u>	<u>49,646</u>	<u>318,967</u>
Fund balances:				
Nonspendable				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted				
Stabilization by State Statute	19,499,334	-	-	19,499,334
Capital Projects - Schools	-	23,822,268	-	23,822,268
Committed				
General Government	-	-	-	-
Economic Development	-	-	140,278	140,278
Public Safety	1,047,740	-	4,107,966	5,155,706
Mental Health	350,000	-	-	350,000
Automation Enhancement	586,165	-	-	586,165
Capital Purchases (fee in lieu)	764,815	-	-	764,815
Industrial Infrastructure	-	-	5,830,728	5,830,728
Tax Revaluation	780,504	-	-	780,504
LEO Special Separation Allowance	1,550,650	-	-	1,550,650
Assigned				
Subsequent year's expenditures	4,103,745	-	-	4,103,745
Unassigned	55,401,110	-	-	55,401,110
Total fund balances	<u>\$ 84,084,063</u>	<u>\$ 23,822,268</u>	<u>\$ 10,078,972</u>	<u>\$ 117,985,303</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 87,390,455</u>	<u>\$ 24,370,815</u>	<u>\$ 10,381,920</u>	<u>\$ 122,143,190</u>

The Notes to the Financial Statements are an Integral Part of this Statement

**JOHNSTON COUNTY, NORTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

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

Total fund balance - governmental funds	\$ 117,985,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	119,506,354
Less accumulated depreciation	(60,003,442)
Net capital assets	<u>59,502,912</u>
Net Pension Asset - ROD	362,514
Deferred outflows of resources:	
Contributions to the pension plan in the current fiscal year	
LGERS	3,894,523
ROD	7,216
Pension related deferrals	
LGERS	9,956,019
ROD	78,028
LEOSSA	205,839
OPEB related deferrals	17,273,961
Benefit payments for the OPEB plan paid subsequent to the measurement date	2,339,651
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	159,027
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources.	9,347,848
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	6,489
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	145,161
Pension related deferrals	
LGERS	(227,856)
ROD	(36,933)
LEOSSA	(162,863)
OPEB related deferrals	(15,648,584)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(264,911,000)
Compensated absences	(3,856,716)
Net OPEB Liability	(153,445,868)
Total pension liability (LEOSSA)	(3,566,568)
Net Pension Liability (LGERS)	(17,873,399)
Unamortized bond premium	(22,026,103)
Accrued interest payable	<u>(3,759,710)</u>
Total adjustment	<u>(382,236,412)</u>
Net position of governmental activities	<u>\$ (264,251,109)</u>

**Johnston County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Governmental Fund Types			
	Major		Non-Major	Total
	General	School Bond Fund	Other Governmental Funds	
<b>Revenues</b>				
Ad valorem taxes	\$ 132,934,340	\$ -	\$ 9,570,979	\$ 142,505,319
Local option sales taxes	47,121,434	-	-	47,121,434
Other taxes and licenses	-	-	1,457,541	1,457,541
Unrestricted intergovernmental	1,798,927	-	-	1,798,927
Restricted intergovernmental	25,170,171	-	-	25,170,171
Permits and fees	12,550,206	-	-	12,550,206
Sales and services	11,160,120	-	-	11,160,120
Investment earnings	1,080,784	174,838	-	1,255,622
Miscellaneous	307,653	345,998	258,594	912,245
Total revenues	<u>\$ 232,123,635</u>	<u>\$ 520,836</u>	<u>\$ 11,287,114</u>	<u>\$ 243,931,585</u>
<b>Expenditures</b>				
Current:				
General government	\$ 19,236,316	\$ -	\$ -	\$ 19,236,316
Public safety	43,892,156	-	10,768,273	54,660,429
Economic and physical development	3,608,090	-	3,926,266	7,534,356
Human services	40,019,379	-	-	40,019,379
Cultural and recreational	480,500	-	-	480,500
Education	70,160,277	10,959,893	1,460,959	82,581,129
Debt service:				
Principal retirement	27,452,862	-	-	27,452,862
Interest and fees	10,551,643	-	-	10,551,643
Total expenditures	<u>\$ 215,401,223</u>	<u>\$ 10,959,893</u>	<u>\$ 16,155,498</u>	<u>\$ 242,516,614</u>
Revenues over (under) expenditures	<u>\$ 16,722,412</u>	<u>\$ (10,439,057)</u>	<u>\$ (4,868,384)</u>	<u>\$ 1,414,971</u>
Other financing sources (uses):				
Issuance of bonds	\$ -	\$ 20,000,000	\$ -	\$ 20,000,000
Premium on Bonds	-	2,360,923	-	2,360,923
Transfers from other funds	-	-	5,959,388	5,959,388
Transfers to other funds	(6,359,388)	-	-	(6,359,388)
Total other financing sources (uses)	<u>\$ (6,359,388)</u>	<u>\$ 22,360,923</u>	<u>\$ 5,959,388</u>	<u>\$ 21,960,923</u>
Net Change in Fund Balance	\$ 10,363,024	\$ 11,921,866	\$ 1,091,004	\$ 23,375,894
Fund balances, beginning of year	<u>73,721,039</u>	<u>11,900,402</u>	<u>8,987,968</u>	<u>94,609,409</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 84,084,063</u></u>	<u><u>\$ 23,822,268</u></u>	<u><u>\$ 10,078,972</u></u>	<u><u>\$ 117,985,303</u></u>

**JOHNSTON COUNTY, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

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

Net change in fund balance - total governmental funds	\$ 23,375,894
Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	4,542,954
Depreciation Expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(4,524,926)
Gain on Disposal of assets during the year.	(51,908)
New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities -- it affects only the government-wide statement of net position.	(22,360,923)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	27,452,862
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	3,901,749
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	159,027
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	2,339,651
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	346,655
Amortization of Bond refunding costs	(1,705,074)
Amortization of premium on bond refunding	2,631,042
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(347,884)
Pension expense	(5,221,270)
OPEB expense	(7,469,965)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (Decrease) in taxes receivable	(1,162)
Increase (Decrease) in accrued interest on taxes	(13,439)
Change in net position of governmental activities	\$ <u>23,053,283</u>

**Johnston County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 131,853,762	\$ 132,112,762	\$ 132,934,340	\$ 821,578
Local option sales tax	43,410,949	43,410,949	47,121,434	3,710,485
Other taxes and licenses	2,521,000	45,000	-	(45,000)
Unrestricted intergovernmental	-	1,687,000	1,798,927	111,927
Restricted intergovernmental	27,764,427	27,685,259	25,170,171	(2,515,088)
Permits and fees	6,796,118	10,760,063	12,550,206	1,790,143
Sales and services	10,357,267	11,310,159	11,160,120	(150,039)
Investment earnings	240,000	272,010	1,058,872	786,862
Miscellaneous	-	1,015,140	307,653	(707,487)
Total revenues	<u>\$ 222,943,523</u>	<u>\$ 228,298,342</u>	<u>\$ 232,101,723</u>	<u>\$ 3,803,381</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	\$ 22,126,487	\$ 20,602,100	\$ 18,548,242	\$ 2,053,858
Public safety	42,619,418	46,878,911	43,892,156	2,986,755
Economic and physical development	11,646,084	3,994,390	3,608,090	386,300
Human services	45,034,400	47,813,443	40,019,379	7,794,064
Cultural and recreational	-	480,500	480,500	-
<b>Intergovernmental:</b>				
Education	68,660,277	70,160,277	70,160,277	-
<b>Debt service:</b>				
Principal retirement	37,855,423	27,453,600	27,452,862	738
Interest and other charges	-	10,558,123	10,551,643	6,480
Total expenditures	<u>\$ 227,942,089</u>	<u>\$ 227,941,344</u>	<u>\$ 214,713,149</u>	<u>\$ 13,228,195</u>
Revenues over (under) expenditures	<u>\$ (4,998,566)</u>	<u>\$ 356,998</u>	<u>\$ 17,388,574</u>	<u>\$ 17,031,576</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	\$ -	\$ (7,909,388)	\$ (7,659,388)	\$ 250,000
Transfers from other funds	-	-	-	-
Appropriated fund balance	4,998,566	7,552,390	-	(7,552,390)
Installment purchase proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ 4,998,566</u>	<u>\$ (356,998)</u>	<u>\$ (7,659,388)</u>	<u>\$ (7,302,390)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,729,186</u>	<u>\$ 9,729,186</u>
Fund balance, beginning			73,574,373	
Prior Period Adjustment			-	
Fund balance, ending			<u>\$ 83,303,559</u>	
A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			21,912	
Transfer from General Fund			1,300,000	
Expenditures			(688,074)	
Fund Balance, beginning			<u>146,666</u>	
Fund Balance, ending (Exhibit 4)			<u>\$ 84,084,063</u>	

The Notes to the Financial Statements are an Integral Part of this Statement

**Johnston County, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	Major				Non-Major	Total
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Solid Waste Fund	Other Proprietary Funds	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 13,769,380	\$ 23,273,072	\$ 10,477,951	\$ 16,313,941	\$ 3,660,577	\$ 67,494,921
Restricted cash	534,660	2,154,163	3,326,494	-	-	6,015,317
Receivables (net):						
Accounts	529,712	1,211,134	2,622,255	436,708	-	4,799,809
Interest	194,430	-	93	-	-	194,523
Due from other funds	1,401,967	-	-	1,615,006	-	3,016,973
Due from other governments	137,878	76,058	58,663	216,907	45,772	535,278
Due from Water Districts - Current Portion of LOBs	1,585,000	-	-	-	-	1,585,000
Prepaid items	-	-	-	-	1,473	1,473
Total current assets	<u>18,153,027</u>	<u>26,714,427</u>	<u>16,485,456</u>	<u>18,582,562</u>	<u>3,707,822</u>	<u>83,643,294</u>
Noncurrent assets:						
Due from Water Districts - Noncurrent portion of LOBs	50,995,000	-	-	-	-	50,995,000
Capital assets, net	70,143,765	47,652,892	81,484,556	10,739,444	340,549	210,361,206
Total noncurrent assets	<u>121,138,765</u>	<u>47,652,892</u>	<u>81,484,556</u>	<u>10,739,444</u>	<u>340,549</u>	<u>261,356,206</u>
Total assets	<u>\$ 139,291,792</u>	<u>\$ 74,367,319</u>	<u>\$ 97,970,012</u>	<u>\$ 29,322,006</u>	<u>\$ 4,048,371</u>	<u>\$ 344,999,500</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related deferrals	\$ 670,498	\$ 293,435	\$ -	\$ 422,036	\$ 240,664	\$ 1,626,633
OPEB related deferrals	1,076,837	475,996	-	627,507	312,838	2,493,178
Total deferred outflows of resources	<u>\$ 1,747,335</u>	<u>\$ 769,431</u>	<u>\$ -</u>	<u>\$ 1,049,543</u>	<u>\$ 553,502</u>	<u>\$ 4,119,811</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 161,245	\$ 89,564	\$ 57,587	\$ 695,955	\$ 5,817	\$ 1,010,168
Due to other funds	-	590,601	2,494,246	-	2,575	3,087,422
Solid Waste fines	-	-	-	81,838	-	81,838
Current maturities of long-term debt	2,964,907	2,399,858	272,823	-	-	5,637,588
Utility deposits	-	550	1,325,195	-	-	1,325,745
Accrued interest	242,552	74,484	239,344	-	-	556,380
Other deposits	285,338	113,053	-	5,000	884,389	1,287,780
Due to the County (LOBs)	-	-	1,585,000	-	-	1,585,000
Compensated Absences Payable	95,922	35,045	-	43,447	24,841	199,255
Total current liabilities	<u>3,749,964</u>	<u>3,303,155</u>	<u>5,974,195</u>	<u>826,240</u>	<u>917,622</u>	<u>14,771,176</u>
Long-term liabilities:						
Accrued landfill closure and postclosure	-	-	-	15,620,493	-	15,620,493
Total OPEB Liability	8,873,719	3,922,465	-	5,170,998	2,193,975	20,161,157
Net Pension Liability	865,242	378,663	-	544,616	310,564	2,099,085
Long-term debt	72,636,530	20,615,487	5,274,547	-	-	98,526,564
Due to the County (LOBs)	-	-	50,995,000	-	-	50,995,000
Compensated absences payable	141,803	51,807	-	64,228	36,724	294,562
Total long-term liabilities	<u>82,517,294</u>	<u>24,968,422</u>	<u>56,269,547</u>	<u>21,400,335</u>	<u>2,541,263</u>	<u>187,696,861</u>
Total liabilities	<u>\$ 86,267,258</u>	<u>\$ 28,271,577</u>	<u>\$ 62,243,742</u>	<u>\$ 22,226,575</u>	<u>\$ 3,458,885</u>	<u>\$ 202,468,037</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension deferrals	\$ 11,030	\$ 4,827	\$ -	\$ 6,943	\$ 3,959	\$ 26,759
Water Plant Capacity	17,342,157	-	-	-	-	17,342,157
OPEB related deferrals	904,952	400,017	-	527,344	223,744	2,056,057
Total Deferred Inflows of Resources	<u>\$ 18,258,139</u>	<u>\$ 404,844</u>	<u>\$ -</u>	<u>\$ 534,287</u>	<u>\$ 227,703</u>	<u>\$ 19,424,973</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 47,122,328	\$ 24,637,547	\$ 23,357,186	\$ 10,739,444	\$ 340,549	\$ 106,197,054
Restricted						
Utilities - Capital Needs	-	719,808	2,001,299	-	-	2,721,107
Utilities - Reclamation	-	-	-	187,346	-	187,346
Housing Assistance Program	-	-	-	-	207,528	207,528
Unrestricted	(10,608,598)	21,102,974	10,367,785	(3,316,103)	367,208	17,913,266
Total net position	<u>\$ 36,513,730</u>	<u>\$ 46,460,329</u>	<u>\$ 35,726,270</u>	<u>\$ 7,610,687</u>	<u>\$ 915,285</u>	<u>\$ 127,226,301</u>



**Johnston County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	Major				Non-Major	Total
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Solid Waste Fund	Other Proprietary Funds	
Operating revenues:						
Charges for services	\$ 17,546,120	\$ 11,284,687	\$ 14,749,104	\$ 6,713,515	\$ 1,258,975	\$ 51,552,401
Water and sewer taps	500,452	1,100	-	-	-	501,552
Total operating revenues	<u>18,046,572</u>	<u>11,285,787</u>	<u>14,749,104</u>	<u>6,713,515</u>	<u>1,258,975</u>	<u>52,053,953</u>
Operating expenses:						
General operating	11,833,677	5,335,022	7,510,349	5,587,093	5,176,518	35,442,659
Depreciation and amortization	3,186,686	1,982,323	2,861,032	542,975	18,635	8,591,651
Total operating expenses	<u>15,020,363</u>	<u>7,317,345</u>	<u>10,371,381</u>	<u>6,130,068</u>	<u>5,195,153</u>	<u>44,034,310</u>
Operating income (loss)	<u>\$ 3,026,209</u>	<u>\$ 3,968,442</u>	<u>\$ 4,377,723</u>	<u>\$ 583,447</u>	<u>\$ (3,936,178)</u>	<u>\$ 8,019,643</u>
Nonoperating revenues (expenses):						
Disposal and state 1% tax	-	-	-	478,605	-	478,605
Solid Waste Fees	-	-	-	286,152	-	286,152
Landfill Gas to Energy Proceeds	-	-	-	92,028	-	92,028
Investment earnings	2,462,943	20,292	29,284	134,660	7,006	2,654,185
Late fees collected	-	-	-	2,107	-	2,107
Miscellaneous	-	4,527	70,073	2,509	19,746	96,855
Gain (loss) on sale of assets	-	-	-	-	-	-
Capital Surcharge (GTI)	-	182,308	-	-	-	182,308
System development fees	-	2,590,560	1,886,700	-	-	4,477,260
Developer contributions	-	2,455	-	-	-	2,455
Capacity Fees	-	338,400	-	-	-	338,400
Reimbursement - NCDOT	159,322	-	-	12,142	-	171,464
FEMA Grant	-	-	29,289	-	-	29,289
Capital contributions	250,000	18,000	-	-	195,234	463,234
Landfill closure costs	-	-	-	1,454,821	-	1,454,821
Operating subsidy - HUD	-	-	-	-	3,999,831	3,999,831
Fraud recovery	-	-	-	-	35,662	35,662
Insurance recovery	-	-	-	11,301	-	11,301
Interest and bond issuance costs	(2,857,652)	(449,165)	(2,343,974)	-	-	(5,650,791)
Total nonoperating revenues (expenses)	<u>14,613</u>	<u>2,707,377</u>	<u>(328,628)</u>	<u>2,474,325</u>	<u>4,257,479</u>	<u>9,125,166</u>
Income (loss) before transfers and contributions	<u>\$ 3,040,822</u>	<u>\$ 6,675,819</u>	<u>\$ 4,049,095</u>	<u>\$ 3,057,772</u>	<u>\$ 321,301</u>	<u>\$ 17,144,809</u>
Transfers in	1,863,447	-	-	400,000	-	2,263,447
Transfers out	-	-	(1,863,447)	-	-	(1,863,447)
Change in net position	4,904,269	6,675,819	2,185,648	3,457,772	321,301	17,544,809
Total net position, beginning	<u>31,609,461</u>	<u>39,784,510</u>	<u>33,540,622</u>	<u>4,152,915</u>	<u>593,984</u>	<u>109,681,492</u>
Restatement	-	-	-	-	-	-
Total net position - beginning (as restated)	<u>31,609,461</u>	<u>39,784,510</u>	<u>33,540,622</u>	<u>4,152,915</u>	<u>593,984</u>	<u>109,681,492</u>
Total net position, ending	<u>\$ 36,513,730</u>	<u>\$ 46,460,329</u>	<u>\$ 35,726,270</u>	<u>\$ 7,610,687</u>	<u>\$ 915,285</u>	<u>\$ 127,226,301</u>

**Johnston County, North Carolina**  
**Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	Major Fund				Non-Major	Total
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Solid Waste Fund	Other Proprietary Funds	
<b>Cash Flows From Operating Activities</b>						
Cash received from customers	\$ 20,797,597	\$ 11,178,943	\$ 14,571,822	\$ 6,565,811	\$ 1,282,872	\$ 54,397,045
Cash paid for goods and services	(7,982,285)	(3,568,018)	(7,452,762)	(2,787,661)	(242,624)	(22,033,350)
Cash paid to employees	(3,395,502)	(1,601,276)	-	(2,175,861)	(1,242,796)	(8,415,435)
Cash paid for housing assistance	-	-	-	-	(3,622,959)	(3,622,959)
Miscellaneous	-	4,527	70,073	4,616	55,408	134,624
Net cash provided by (used in) operating activities	<u>9,419,810</u>	<u>6,014,176</u>	<u>7,189,133</u>	<u>1,606,905</u>	<u>(3,770,099)</u>	<u>20,459,925</u>
<b>Cash Flows From Noncapital Financing Activities</b>						
Transfer from (to) other funds	1,863,447	-	(1,863,447)	400,000	-	400,000
Due to / from other funds	-	-	-	-	-	-
Operating subsidy - HUD	-	-	-	-	3,999,831	3,999,831
Net cash provided by (used in) financing activities	<u>1,863,447</u>	<u>-</u>	<u>(1,863,447)</u>	<u>400,000</u>	<u>3,999,831</u>	<u>4,399,831</u>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Disposal and State 1% tax	-	-	-	478,605	-	478,605
Solid Waste fees	-	-	-	286,152	-	286,152
Landfill Gas to Energy Proceeds	-	-	-	92,028	195,234	287,262
State Electronics Fund	-	-	-	12,142	-	12,142
Issuance of debt related to capital	1,373,228	1,447,744	-	-	-	2,820,972
Due from Water Districts (LOBs)	1,510,000	-	(1,510,000)	-	-	-
System Development Fees	-	2,590,560	1,886,700	-	-	4,477,260
Capital contributions	250,000	18,000	29,289	-	-	297,289
Insurance recovery	-	-	-	11,301	-	11,301
Capital commodity surcharges	-	182,308	-	-	-	182,308
Capacity Fees	-	338,400	-	-	-	338,400
Other Contributions	159,322	2,455	-	-	-	161,777
Interest and bond issuance costs	(2,918,697)	(482,446)	(2,501,836)	-	-	(5,902,979)
Acquisition of capital assets	(4,086,783)	(3,352,937)	(3,927,753)	(657,315)	-	(12,024,788)
Repayment of debt obligations	(2,924,716)	(2,179,691)	(119,689)	-	-	(5,224,096)
Net cash provided by (used in) capital and related financing activities	<u>(6,637,646)</u>	<u>(1,435,607)</u>	<u>(6,143,289)</u>	<u>222,913</u>	<u>195,234</u>	<u>(13,798,395)</u>
<b>Cash Flows From Investing Activities</b>						
Investment Income	2,466,968	20,292	29,275	134,660	7,006	2,658,201
Net cash provided by (used in) investing activities	<u>2,466,968</u>	<u>20,292</u>	<u>29,275</u>	<u>134,660</u>	<u>7,006</u>	<u>2,658,201</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>7,112,579</u>	<u>4,598,861</u>	<u>(788,328)</u>	<u>2,364,478</u>	<u>431,972</u>	<u>13,719,562</u>
<b>Cash and cash equivalents/investments</b>						
Beginning of year	<u>7,191,461</u>	<u>20,828,374</u>	<u>14,592,773</u>	<u>13,949,463</u>	<u>3,228,605</u>	<u>59,790,676</u>
End of year	<u>\$ 14,304,040</u>	<u>\$ 25,427,235</u>	<u>\$ 13,804,445</u>	<u>\$ 16,313,941</u>	<u>\$ 3,660,577</u>	<u>\$ 73,510,238</u>

**Johnston County, North Carolina**  
**Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	Major				Non-Major	Total
	Water Fund	Wastewater Treatment Fund	Water District Operating Fund	Solid Waste Fund	Other Proprietary Funds	
Reconciliation of operating income (loss) to get cash provided by (used in) operating activities						
Operating income (loss)	\$ 3,026,209	\$ 3,968,442	\$ 4,377,723	\$ 583,447	\$ (3,936,178)	\$ 8,019,643
Nonoperating (miscellaneous)	-	4,527	70,073	4,616	55,408	134,624
Depreciation	3,186,686	1,982,323	2,861,032	542,975	18,635	8,591,651
(Increase) decrease in:						
Accounts receivable	(8,478)	(103,992)	(345,497)	(147,704)	(28,699)	(634,370)
Prepaid expenses	-	-	-	-	(76)	(76)
Deferred outflows of resources for pensions	(256,195)	(112,121)	-	(161,258)	(91,957)	(621,531)
Deferred outflows of resources for OPEB	(963,244)	(425,784)	-	(561,313)	(284,753)	(2,235,094)
Increase (decrease) in:						
Compensated absences payable	37,459	14,913	-	(3,029)	7,499	56,842
Utility deposits	-	-	168,215	-	-	168,215
Other deposits	10,600	(2,852)	-	-	52,480	60,228
Accounts payable and accrued expenses	12,964	(28,187)	57,587	387,921	1,441	431,726
Deferred Inflows of Resources for pensions	(9,381)	(4,106)	-	(5,904)	(3,367)	(22,758)
Deferred Inflows of Resources for OPEB	182,325	80,593	-	106,246	45,079	414,243
Net Pension Liability	316,947	138,708	-	199,499	113,763	768,917
Deferred - Water Plant Capacity	2,748,903	-	-	-	-	2,748,903
Total OPEB Liability	1,135,015	501,712	-	661,409	280,626	2,578,762
Prepaid Decals-Landfill	-	-	-	-	-	-
Total adjustments	<u>6,393,601</u>	<u>2,045,734</u>	<u>2,811,410</u>	<u>1,023,458</u>	<u>166,079</u>	<u>12,440,282</u>
Net cash provided by (used in) operating activities	<u>\$ 9,419,810</u>	<u>\$ 6,014,176</u>	<u>\$ 7,189,133</u>	<u>\$ 1,606,905</u>	<u>\$ (3,770,099)</u>	<u>\$ 20,459,925</u>

**Johnston County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	Agency Funds
<b>Assets</b>	
Cash and investments	\$ 487,362
Due from other governments	386,492
Total assets	873,854
<b>Liabilities and Net Position</b>	
Accounts payable	279,820
Due to other funds	-
Due to other governments	576,670
Total liabilities	856,490
<b>Net Position</b>	
Held in trust (Fiduciary net assets)	\$ -

**COUNTY OF JOHNSTON, NORTH CAROLINA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2019**

**Note 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. The blended component unit, although it is a legally separate entity, is, in substance, part of the County's operations. The discretely presented component units presented below are reported in separate columns in the County's combined financial statements in order to emphasize that they are legally separate from the County.

**Blended Component Unit**

- *Hopewell/Pisgah Water District; Clayton Water District; Cleveland Water District; Wilson's Mills Water District; McGee's Crossroads Water District; Princeton-Kenly Water District; Archer's Lodge Water District; Little Creek Water District; Brogden Water District; Elevations Water District; Meadow Water District; Buffalo Water District, Southeast Lowgrounds; Ingram's Township Water District; Little River Water District; and O'Neal's Water District.* The Districts exist to provide and maintain water systems for the county residents within the districts. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the districts. Therefore, the Districts are reported as enterprise funds in the County's financial statements. The County has operational responsibility for the Water Districts. The Districts do not issue separate financial statements.
- *Johnston County Section 8 Housing Assistance Payments Program* - The Housing Assistance Payment Program exists to assist eligible families within the County in securing housing in safe, low poverty neighborhoods at affordable costs. Under State law (G.S. 162A-89), the County's Board of Commissioners also serves as the governing board for the Program, and the County has operational responsibility for the Program. Therefore, the Program is reported as an enterprise fund in the County's financial statements. The Program does not issue separate financial statements.

**Discretely Presented Component Units**

- *Johnston County Board of Alcoholic Control* - The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund.
- *Johnston County Airport Authority* - The Johnston County Airport Authority (the "Airport") is a corporate body which operates the airport in Johnston County. The County's governing body appoints the Airport's board members. The County is responsible for the debt of the Airport and maintains budgetary control over the Airport. The County also provides assistance for capital improvements. The Airport, which has a June 30 year-end, is represented as if it were a proprietary fund.
- *Johnston County Tourism Development Authority* - The Johnston County Tourism Development Authority is a corporate body which operates the Tourism functions for Johnston County. The County's governing body appoints the Tourism Authority's board members. The County maintains budgetary control over the Tourism Authority. The County also provides assistance for capital improvements. The Tourism Authority, which has a June 30 year-end, is represented as if it were a special revenue fund.
- *Johnston County Industrial Facility and Pollution Control Financing Authority* - Johnston County Industrial Facility and Pollution Control Financing Authority ("the Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. A seven-member Board of Commissioners, all of who are appointed by the County commissioners, governs the Authority. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the financial statements. The Authority does not issue separate financial statements.

**Note 1- Summary of significant accounting policies (continued)**

Complete financial statements for component units may be obtained at the administrative offices of each at:

Johnston County Airport Authority  
3149-A Swift Creek Road  
Smithfield, NC 27577

Johnston County Tourism Development Authority  
PO Box 1049  
Smithfield, NC 27577

Johnston County Board of Alcoholic Control  
Highway 301 South  
Smithfield, NC 27577

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus - Basis of Accounting**

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

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

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

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

The County reports the following major governmental funds:

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

*School Bond Fund* – This fund is used to track revenue and expenditures for school projects financed with GO Bonds, COPS, or any other form of borrowing for school construction.

The County reports the following major enterprise funds:

*Water Fund*. This fund accounts for the operation of the County's water treatment and transmission.

*Wastewater Treatment Fund*. This fund accounts for the treatment and transmission of wastewater for the County.

*Water District Operations Fund*. This fund accounts for the activities of the water districts for the County.

*Solid Waste Fund* . This fund accounts for the operation of the landfill, compaction sites and tire disposal, white goods and yard debits.

**Note 1- Summary of significant accounting policies (continued)**

**B. Basis of Presentation – Basis of Accounting (continued)**

The County reports the following fund types:

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals for whom the County acts as the agent; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Cooperative Extension Advisory Fund which supports program expenses for Agricultural and Horticultural Programs, Family Consumer Science Programs, and Advisory Council Functions; the 4H Development Fund which supports program expenses for 4-H and Youth Extension Programs; and the Youth Livestock Fund which specifically supports livestock educational programs for youth ages 5 – 19.

*Non-Major Funds.* The County maintains 11 legally budgeted funds. The Tax Districts Fund, Heritage Commission Fund, Communication Fund, Research Training Zone, and Voluntary Ag District are reported as non-major special revenue funds. The Industrial Infrastructure, Public Safety Center Project, and Courthouse Facilities Project Funds are reported as capital project funds. The Administration Fund and Section 8 Housing are reported as non-major enterprise funds.

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

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

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

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

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of general long-term debt and acquisitions under capital leases are reported as other financing sources.

## **Note 1- Summary of significant accounting policies (continued)**

### **B. Basis of Presentation – Basis of Accounting (continued)**

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

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

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Special Revenue, and Proprietary Funds (excluding the Construction Funds). All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the School Bond Fund, Industrial Development Infrastructure, Public Safety Center Project Fund, Courthouse Facilities Project Fund, the Water Districts Construction Funds, and the Water/Sewer Construction Projects, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the Special Revenue and Proprietary Funds, and at the object level for the Capital Project Funds. The County Manager is authorized by budget ordinance to transfer appropriations between functional areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### **Deposits and Investments**

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



**Note 1- Summary of significant accounting policies (continued)**

**Deposits and Investments (continued)**

State law (G.S. 159-30 (c)) authorizes the County, the ABC Board, the Tourism Development Authority, and the Airport to invest in obligations of the United States or obligations fully guaranteed both as to principle 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 County, the ABC Board, the Tourism Development Authority, and the Airport's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolio's securities are reported at fair value.

**Cash and cash equivalents**

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

**Restricted assets**

The unexpended bond proceeds of the County's Serial Bonds are classified as restricted assets within the Capital Projects fund because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. The following table illustrates the breakdown of the County's restricted cash.

Restricted Cash		
Governmental Activities		
General Fund	Tax revaluation	\$ 778,624
School Capital Projects Fund	Unexpended Public School Building funds	24,370,815
Total Governmental Activities		\$ 25,149,439
Business-Type Activities		
Water Fund	USDA Restrictions	\$ 249,322
	Customer deposits	285,338
Waste Water Fund	Capital Reserve Funds	2,040,560
	Customer deposits	113,603
Water District Fund	Capital Reserve Funds	1,886,700
	Customer deposits	1,325,195
	USDA Restrictions	114,599
Total Business-type Activities		\$ 6,015,317
Total Restricted Cash		\$ 31,164,756

**Note 1- Summary of significant accounting policies (continued)**

**Ad valorem taxes receivable**

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

**Allowance for doubtful accounts**

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

**Inventories and Prepaid Items**

Inventories for the Johnston County Airport Authority are maintained for all sales merchandise and are stated at the lower of cost or market on a first-in, first-out basis.

The inventory of the ABC Board are valued at cost (first-in, first-out). The inventories consist of materials and supplies held for consumption. The cost of the inventory is recorded as an expense as it is consumed.

Prepaid items for the County's governmental funds are treated using the consumption method.

**Capital assets**

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

The County holds title to certain Johnston County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, 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 Johnston County Board of Education.

Capital assets in the proprietary funds of the County and those of the ABC Board and the Airport are recorded at original cost at the time of acquisition. Capital assets donated to these proprietary fund type operations are recorded at the estimated fair market value at the date of donation.

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	40 Years
Other Improvements	10 Years
Equipment	5 Years
Furniture and Fixtures	5 Years
Computers	3 Years
Easements	3 Years
Vehicles (including Police and EMS)	5 Years

**Note 1- Summary of significant accounting policies (continued)**

**Capital assets (continued)**

For the ABC Board, capital assets are depreciated over their useful lives on a straight-line basis as follows:

Description	Estimated Useful Lives
Buildings	20 Years
Furniture, fixtures and equipment	10 Years
Leasehold Improvements	0 - 20 Years

For the Airport, capital assets are depreciated over their useful lives on a straight-line basis as follows:

Description	Estimated Useful Lives
Terminal Building	50 Years
Clearing and excavation	75 Years
Runways and ramps	60 Years
Aircraft parking ramp	60 Years
Fuel tanks and pumps	25 Years
Lighting	25 Years
Equipment	10 Years

**Deferred outflows / inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meets this criterion - a charge on refunding, pension, and contributions made to the OPEB or pension plans in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, water plant capacity, and other OPEB and pension related deferrals.

**Long-Term Obligations**

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

**Compensated absences**

The vacation policies of the County and Airport provide for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary fund statements.

The vacation policy of the ABC Board is that vacations must be taken in the year they are earned; therefore, there is not accumulation of earned vacation leave. For the County's government-wide and proprietary funds, and the Airport, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County, ABC Board, and the Airport provide for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

## **Note 1- Summary of significant accounting policies (continued)**

### **Net Position/Fund Balances**

#### **Net Position**

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

#### **Fund Balances**

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

The governmental fund types classify fund balance as follows:

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

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

**Restricted for Stabilization by State Statute** - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**Restricted for School Capital Projects** - portion of fund balance that is restricted for School Capital Projects.

**Committed Fund Balance** - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Johnston County's governing body (highest level of decision making authority). Any changes or removal of specific purposes requires majority action by the governing body (i.e. passage of a budget resolution).

**General Government** - portion of fund balance that is committed by revenue source for courthouse improvements.

**Economic Development** - portion of fund balance that is committed by revenue source for economic development purposes.

**Public Safety** - portion of fund balance that is committed by revenue source for fire protection, emergency services, law enforcement, and emergency telephone purposes.

**Mental Health** - Mental Health, which is consolidated with the General Fund, is required to pay any excess fund balance to the County. This is the amount that the General Fund has acquired from Mental Health over the years as excess fund balance payments.

**Automation Enhancement and Preservation** - portion of fund balance that is committed for automation enhancement projects.

**Capital Purchases (fee in lieu)** - portion of fund balance that is committed for the purchase of open space land or the purchase of land for recreation purposes.

**Industrial Infrastructure** - portion of fund balance that is committed for industrial infrastructure projects.

**Tax Revaluation** - portion of fund balance that is committed for tax revaluation.

**LEO pension obligation** - portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance obligations.

**Note 1- Summary of significant accounting policies (continued)**

**Net Position/Fund Balances (continued)**

Assigned Fund Balance - portion of fund balance that the Johnston County governing board has budgeted. The governing board is the only body authorized to assign amounts to a specific purpose.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

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

Johnston County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that legally available fund balance is at least equal to or greater than 15% of the total annual operating budget of the County. Any portion of the General Fund balance in excess of 15% of the total annual operating budget may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

**Defined Benefit Cost-Sharing Plans**

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

**Note 2 – Stewardship, Compliance, and Accountability**

**Noncompliance with North Carolina General Statutes**

None to report.

**Excess of Expenditures over Appropriations**

None to report.

**Note 3 – Detail Notes on All Funds**

**A. ASSETS**

**1. Deposits**

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and the ABC Board do not have policies regarding custodial credit risk for deposits.

At June 30, 2019 the County's deposits had a carrying amount of \$90,018,436 and a bank balance of \$89,725,725. Of the bank balance, \$1,000,000 was covered by federal depository insurance; the remaining \$88,725,725 was covered by collateral and held under the Pooling Method. The County had cash on hand in the amount of \$5,929.

At June 30, 2019, the carrying amount of deposits for the Johnston County ABC Board was \$2,251,858 and the bank balance was \$2,288,741. All of the bank balances were covered by federal depository insurance except for \$2,288,741. In addition the ABC board had Certificates of Deposits in the amount of \$450,000 with a maturity of six months on the date of purchase. The ABC Board had cash on hand in the amount of \$6,050.

At June 30, 2019, the carrying amount of deposits for the Johnston County Tourism Development Authority was \$866,991 and the bank balance was \$908,810. Of the bank balance, \$500,000 was covered by federal depository insurance. The Authority had \$250 petty cash on hand.

At June 30, 2019, the carrying amount of deposits for the Johnston County Airport Authority was \$486,661 and the bank balance was \$549,984. Of the bank balance, \$500,000 was covered by federal depository insurance; the remaining \$49,984 was covered by collateral and held under the Pooling Method. The Airport had cash on hand in the amount of \$245.

**2. Investments**

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

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6 - 12 Months	1 - 3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 39,905,552	\$ 39,905,552	\$ -	\$ -
NC Capital Management Trust - Term Portfolio*	Fair Value - Level 1	\$ 47,405,882	\$ 47,405,882	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 87,311,434</b>	<b>\$ 87,311,434</b>	<b>\$ -</b>	<b>\$ -</b>

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

**Note 3 – Detail Notes on All Funds (continued)**

**2. Investments (continued)**

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

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

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

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2019. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have any of these investments.

**3. Property tax - use value assessment on certain lands**

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,151,429	\$ 1,460,964	\$ 7,612,393
2016	6,158,551	908,386	7,066,937
2017	6,122,264	352,030	6,474,294
2018	6,018,369	-	6,018,369
	<u>\$ 24,450,613</u>	<u>\$ 2,721,380</u>	<u>\$ 27,171,993</u>

**Note 3 – Detail Notes on All Funds (continued)**

**4. Receivables**

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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Other</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 3,420,989	\$ 639,004	\$ 15,185,778	\$ 120,000	\$ 19,365,771
Other Governmental	121,862	49,646	7,226	-	178,734
Total Receivables	<u>3,542,851</u>	<u>688,650</u>	<u>15,193,004</u>	<u>120,000</u>	<u>19,544,505</u>
Allowance for Doubtful Accounts	<u>(459,894)</u>	<u>(537,000)</u>	<u>-</u>	<u>-</u>	<u>(996,894)</u>
Total Governmental Activities	<u>\$ 3,082,957</u>	<u>\$ 151,650</u>	<u>\$ 15,193,004</u>	<u>\$ 120,000</u>	<u>\$ 18,547,611</u>
<b>Business Type Activities:</b>					
Administrative	\$ -	\$ -	\$ 45,312	\$ -	\$ 45,312
Solid Waste	506,830	-	216,907	-	723,737
Water Fund	493,621	-	137,878	36,091	667,590
Wastewater	1,173,594	-	76,058	125,000	1,374,652
Section 8 Housing	-	-	460	-	460
Water District Operating Fund	<u>4,244,165</u>	<u>-</u>	<u>58,663</u>	<u>27,028</u>	<u>4,329,856</u>
Total Receivables	<u>6,418,210</u>	<u>-</u>	<u>535,278</u>	<u>188,119</u>	<u>7,141,607</u>
Allowance for doubtful accounts	<u>(1,806,520)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,806,520)</u>
Total Business-Type Activities	<u>\$ 4,611,690</u>	<u>\$ -</u>	<u>\$ 535,278</u>	<u>\$ 188,119</u>	<u>\$ 5,335,087</u>

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

Local option sales tax	\$ 11,963,634
Department of Health & Human Services	1,048,937
NC Department of Revenue	423,842
Other Governments (NCVTS, Etc)	1,975,821
Total Governmental Activities	<u>\$ 15,412,234</u>
Sales tax refund	\$ 412,334
Scrap Tire, White Goods	122,944
Total Business-type Activities	<u>\$ 535,278</u>

**Notes receivable**

The County's note receivables are as follows:

A note in the amount of \$120,000 due from the Town of Clayton without interest, repayable from annual acreage fees collected by the Town for the connection of water and sewer lines installed	\$ 120,000
	<u>\$ 120,000</u>



**Note 3 – Detail Notes on All Funds (continued)**

**5. Capital assets**

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

	Beginning Balance	Additions	Deletion	Transfers & Adjustments	Ending Balance
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,109,864	\$ -	\$ -	\$ -	\$ 3,109,864
Construction in Progress	758,601	1,448,551	(769,896)	-	1,437,256
Total capital assets not being depreciated	<u>3,868,465</u>	<u>1,448,551</u>	<u>(769,896)</u>	<u>-</u>	<u>4,547,120</u>
Other capital assets:					
Buildings	82,729,432	-	-	-	82,729,432
Other improvements	3,862,791	307,209	(20,777)	-	4,149,223
Equipment	15,348,481	1,627,660	(1,238,852)	-	15,737,289
Vehicles	10,067,781	1,929,430	(512,676)	-	11,484,535
Software	858,755	-	-	-	858,755
Total other capital assets at historical cost	<u>112,867,240</u>	<u>3,864,299</u>	<u>(1,772,305)</u>	<u>-</u>	<u>114,959,234</u>
Less accumulated depreciation for:					
Buildings	35,142,887	1,688,064	-	-	36,830,951
Other improvements	2,717,620	144,283	(7,803)	-	2,854,100
Equipment	11,314,917	1,548,075	(1,220,785)	-	11,642,207
Vehicles	7,586,946	1,075,186	(491,809)	-	8,170,323
Software	436,543	69,318	-	-	505,861
Total other capital assets at historical cost	<u>57,198,913</u>	<u>4,524,926</u>	<u>(1,720,397)</u>	<u>-</u>	<u>60,003,442</u>
Other capital assets, net	<u>55,668,327</u>	<u>(660,627)</u>	<u>(51,908)</u>	<u>-</u>	<u>54,955,792</u>
Governmental activities capital assets, net	<u>\$ 59,536,792</u>	<u>\$ 787,924</u>	<u>\$ (821,804)</u>	<u>\$ -</u>	<u>\$ 59,502,912</u>

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

Governmental Activities	
General Government	\$ 1,597,233
Public Safety	2,448,868
Human Services	157,687
Economic and physical development	131,286
Education	189,851
Total depreciation expenses	<u>\$ 4,524,925</u>

**Note 3 – Detail Notes on All Funds (continued)**

**5. Capital assets (continued)**

The summary for the *Proprietary Funds* of the County at June 30, 2019 are composed as follows:

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>ADMINISTRATION</b>				
Capital assets not being depreciated:				
Land	\$ 210,000	\$ -	\$ -	\$ 210,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	210,000	-	-	210,000
Capital assets being depreciated				
Land improvements	-	-	-	-
Plant & Distribution	9,995	-	-	9,995
Equipment	72,674	-	-	72,674
Vehicles	50,725	-	-	50,725
Total capital assets being depreciated	133,394	-	-	133,394
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Plant & Distribution	9,995	-	-	9,995
Equipment	72,674	-	-	72,674
Vehicles	41,835	8,890	-	50,725
Total accumulated depreciation	124,504	8,890	-	133,394
Administration capital assets, net	\$ 218,890	\$ (8,890)	\$ -	\$ 210,000

	Beginning Balances	Increases	Decreases	Ending Balances
<b>SOLID WASTE</b>				
Capital assets not being depreciated:				
Land	\$ 5,716,595	\$ -	\$ -	\$ 5,716,595
Construction in progress	-	62,181	-	62,181
Total capital assets not being depreciated	5,716,595	62,181	-	5,778,776
Capital assets being depreciated				
Land improvements	-	-	-	-
Plant & Distribution	18,411,550	11,084	-	18,422,634
Equipment	6,584,633	522,131	(509,612)	6,597,152
Vehicles	1,722,800	61,919	(31,166)	1,753,553
Total capital assets being depreciated	26,718,983	595,134	(540,778)	26,773,339
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Plant & Distribution	14,530,515	321,349	-	14,851,864
Equipment	6,017,668	109,846	(509,612)	5,617,902
Vehicles	1,262,291	111,780	(31,166)	1,342,905
Total accumulated depreciation	21,810,474	542,975	(540,778)	21,812,671
Solid Waste capital assets, net	\$ 10,625,104	\$ 114,340	\$ -	\$ 10,739,444

**Note 3 – Detail Notes on All Funds (continued)**

**5. Capital assets (continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>WATER</b>				
Capital assets not being depreciated:				
Land	\$ 1,062,411	\$ -	\$ -	\$ 1,062,411
Construction in progress	7,816,468	676,120	(7,502,214)	990,374
Total capital assets not being depreciated	<u>8,878,879</u>	<u>676,120</u>	<u>(7,502,214)</u>	<u>2,052,785</u>
Capital assets being depreciated				
Land improvements	-	-	-	-
Plant & Distribution	94,101,587	7,502,214	-	101,603,801
Equipment	3,479,267	19,108	-	3,498,375
Vehicles	1,127,164	141,555	(75,317)	1,193,402
Intangible	8,098,375	3,250,000	-	11,348,375
Total capital assets being depreciated	<u>106,806,393</u>	<u>10,912,877</u>	<u>(75,317)</u>	<u>117,643,953</u>
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Plant & Distribution	40,663,901	2,799,763	-	43,463,664
Equipment	3,203,775	57,479	-	3,261,254
Vehicles	1,051,365	48,964	(75,317)	1,025,012
Intangible	1,522,563	280,480	-	1,803,043
Total accumulated depreciation	<u>46,441,604</u>	<u>3,186,686</u>	<u>(75,317)</u>	<u>49,552,973</u>
Water capital assets, net	<u>\$ 69,243,668</u>	<u>\$ 8,402,311</u>	<u>\$ (7,502,214)</u>	<u>\$ 70,143,765</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>WASTEWATER</b>				
Capital assets not being depreciated:				
Land	\$ 1,324,631	\$ -	\$ -	\$ 1,324,631
Construction in progress	884,594	3,035,528	(217,691)	3,702,431
Total capital assets not being depreciated	<u>2,209,225</u>	<u>3,035,528</u>	<u>(217,691)</u>	<u>5,027,062</u>
Capital assets being depreciated:				
Land Improvements	-	-	-	-
Plant & Distribution	79,031,873	217,691	-	79,249,564
Equipment	11,499,416	60,510	(29,256)	11,530,670
Vehicles	1,080,323	256,899	-	1,337,222
Total capital assets being depreciated	<u>91,611,612</u>	<u>535,100</u>	<u>(29,256)</u>	<u>92,117,456</u>
Less accumulated depreciation for:				
Land Improvements	-	-	-	-
Plant & Distribution	39,070,245	1,572,913	-	40,643,158
Equipment	7,946,756	254,095	(29,256)	8,171,595
Vehicles	521,558	155,315	-	676,873
Total accumulated depreciation	<u>47,538,559</u>	<u>1,982,323</u>	<u>(29,256)</u>	<u>49,491,626</u>
Wastewater Fund capital assets, net	<u>\$ 46,282,278</u>	<u>\$ 1,588,305</u>	<u>\$ (217,691)</u>	<u>\$ 47,652,892</u>

**Note 3 – Detail Notes on All Funds (continued)**

**5. Capital assets (continued)**

<b>WATER DISTRICTS</b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	348,500	677,753	-	1,026,253
Total capital assets not being depreciated	<u>348,500</u>	<u>677,753</u>	<u>-</u>	<u>1,026,253</u>
Capital assets being depreciated:				
Land Improvements	-	-	-	-
Plant & Distribution	93,241,773	-	-	93,241,773
Equipment	-	-	-	-
Vehicles	-	-	-	-
Intangibles	20,948,034	3,250,000	-	24,198,034
Total capital assets being depreciated	<u>114,189,807</u>	<u>3,250,000</u>	<u>-</u>	<u>117,439,807</u>
Less accumulated depreciation for:				
Land Improvements	-	-	-	-
Plant & Distribution	28,926,003	2,301,185	-	31,227,188
Equipment	-	-	-	-
Intangibles	5,194,469	559,847	-	5,754,316
Total accumulated depreciation	<u>34,120,472</u>	<u>2,861,032</u>	<u>-</u>	<u>36,981,504</u>
Water Districts - capital assets, net	<u>\$ 80,417,835</u>	<u>\$ 1,066,721</u>	<u>\$ -</u>	<u>\$ 81,484,556</u>

<b>Public Utilities Funds</b>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 8,313,637	\$ -	\$ -	\$ 8,313,637
Construction in progress	9,049,562	4,451,582	(7,719,905)	5,781,239
Total capital assets not being depreciated	<u>17,363,199</u>	<u>4,451,582</u>	<u>(7,719,905)</u>	<u>14,094,876</u>
Capital assets being depreciated:				
Land Improvements	-	-	-	-
Plant & Distribution	284,796,778	7,730,989	-	292,527,767
Equipment	21,635,990	601,749	(538,868)	21,698,871
Vehicles	3,981,012	460,373	(106,483)	4,334,902
Intangibles	29,046,409	6,500,000	-	35,546,409
Total capital assets being depreciated	<u>339,460,189</u>	<u>15,293,111</u>	<u>(645,351)</u>	<u>354,107,949</u>
Less accumulated depreciation for:				
Land Improvements	-	-	-	-
Plant & Distribution	123,200,659	6,995,210	-	130,195,869
Equipment	17,240,873	421,420	(538,868)	17,123,425
Vehicles	2,877,049	324,949	(106,483)	3,095,515
Intangibles	6,717,032	840,327	-	7,557,359
Total accumulated depreciation	<u>150,035,613</u>	<u>8,581,906</u>	<u>(645,351)</u>	<u>157,972,168</u>
Total capital assets, net	<u>\$ 206,787,775</u>	<u>\$ 11,162,787</u>	<u>\$ (7,719,905)</u>	<u>\$ 210,230,657</u>

**Note 3 – Detail Notes on All Funds (continued)**

**5. Capital assets (continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Housing Assistance Payments Fund</b>				
Capital assets being depreciated:				
Buildings	\$ 243,624	\$ -	\$ -	\$ 243,624
Equipment	17,863	-	-	17,863
Automobiles	17,577	-	-	17,577
Total capital assets being depreciated	279,064	-	-	279,064
Less accumulated depreciation for:				
Buildings	108,566	5,682	-	114,248
Equipment	17,315	548	-	17,863
Automobiles	12,889	3,515	-	16,404
Total accumulated depreciation	138,770	9,745	-	148,515
Total capital assets, net	140,294	(9,745)	-	130,549
Business-type activities capital assets, net	\$ 206,928,069	\$ 11,153,042	\$ (7,719,905)	\$ 210,361,206

**Discretely presented component units**

Activity for the *Johnston County Board of Alcoholic Control* for the year ended June 30, 2019 was as follows:

	Useful Life	Cost	Accumulated Depreciation	Net Amount
Building and land	20 yrs	\$ 1,864,650	\$ 1,284,786	\$ 579,864
Furniture, fixtures, and equipment	10 yrs	982,523	485,029	497,494
Leasehold improvements	0 - 20 yrs	34,510	34,180	330
Total		\$ 2,881,683	\$ 1,803,995	\$ 1,077,688

Activity for the *Johnston County Airport Authority* for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land and easement	\$ 900,216	\$ -	\$ -	\$ 900,216
Construction in progress	1,256,010	1,545,109	(1,039,895)	1,761,224
Total Capital Assets not being depreciated	2,156,226	1,545,109	(1,039,895)	2,661,440
Capital assets being depreciated:				
Terminal building	4,330,999	-	-	4,330,999
Runway, ramps and hangars	17,749,971	-	-	17,749,971
Aircraft parking ramp	546,911	-	-	546,911
Vehicles	74,025	-	-	74,025
Clearing and Excavation	1,889,012	1,039,895	-	2,928,907
Lighting and Equipment	1,960,743	14,035	-	1,974,778
Total capital assets being depreciated	26,551,661	1,053,930	-	27,605,591
Less accumulated depreciation for:				
Terminal building	957,865	92,699	-	1,050,564
Runway, ramps and hangars	7,461,286	415,508	-	7,876,794
Aircraft parking ramp	30,824	8,835	-	39,659
Vehicles	72,612	25,187	-	97,799
Clearing and Excavation	50,374	1,413	-	51,787
Lighting and Equipment	1,877,831	43,843	-	1,921,674
Total accumulated depreciation	10,450,792	587,485	-	11,038,277
Total capital assets, net	\$ 18,257,095	\$ 2,011,554	\$ (1,039,895)	\$ 19,228,754

**Note 3 – Detail Notes on All Funds (continued)**

**6. Construction Commitments**

The County has active construction projects as of June 30, 2019. The projects include water district projects and the following:

*Landfill Entrance & Attendance Facilities*

This project consists of improvements to the entrance and attendance facilities at the County's Landfill. The project is currently in the design phase.

*Landfill Phase 4-A Site Improvements*

This project consists of miscellaneous improvements at the County's Landfill. The project is currently in the design phase.

*WTP 2.5 MGD Exp. / Future Planning*

This project will allow for additional intake and treatment capacity at the Timothy G. Broome Water Treatment Plant. The project is currently in the study/preliminary design phase.

*NCDOT Waterline Projects*

The NCDOT Waterline project includes various areas through-out the County requiring water mains to be re-located for NCDOT projects. The project includes design and construction for each re-location site.

*WTP 2 MGD Expansion / Upgrade*

This project includes improvements at the Timothy G. Broome Water Treatment Plant to allow for an additional 2.0 MGD of treatment capacity. This will increase the plant rating from 12.0 to 14.0 MGD.

*Clayton No. 2 BPS Improvements*

This project includes improvements to the Clayton No. 2 booster pumping station which is located on Wise Road adjacent to US 70 BUS. The project includes replacement of two pumps and their controls, ventilation and air cooling upgrades, and building improvements.

*WTP Efficiency Project*

The proposed project consists of multiple operational and efficiency projects at the Timothy G. Broome Water Treatment. The project is currently in the design phase.

*Post-Clearwell Chemical Feed Improvements*

The proposed project includes capital expenditures for post-clearwell chemical feed improvements at the Timothy G. Broome Water Treatment Plant. The project is currently in the design phase.

*Biosolids Facilities Improvements*

This project includes a new septic receiving station screen and a shelter to park filled trucks. The project is currently in the design phase.

*Buffalo WWPS Upgrade / Force Main*

This project includes pump station modifications and over 13,000 linear feet of 20-inch force main, as well as design costs for transmission facilities to move wastewater from US 70 Business to the site of a future wastewater treatment plant near the County landfill. The project is currently in the design phase.

*Pine Level WWPS Improvements*

This project includes improvements to expand capacity and upgrade the County's Pine Level WWPS. The project is currently in the design phase.

**Note 3 – Detail Notes on All Funds (continued)**

**6. Construction Commitments (continued)**

*McGee's Crossroads Sewer Consolidation and Middle Creek Interceptor*

The proposed project includes improvement to allow for additional wastewater capacity at McGee's Crossroads and include a new regional wastewater pump station to provide additional capacity in existing infrastructure in portions of the Cleveland area. The project is currently in the design phase.

*Swift Creek Interceptor Project*

This project includes construction and installation of approximately 8,800 linear feet of 12-inch and 16-inch gravity sewer along Swift Creek Road from NC Highway 42 to Cornwallis Road and a new 1,25 GPM wastewater pump station at Cornwallis Road.

*WWTP 4 MGD Expansion*

The proposed project includes a 4.0 MGD wastewater treatment plant to be located on a separate site from the Central Johnston County Regional Wastewater Treatment Facility near the County landfill but included in the same NPDES permit.

*Selma Equalization & WWPS Facilities Flood Resiliency Improvements*

The proposed project includes approximately 4,000 linear feet of 16-inch force main, relocation of the electrical building and installation of a flood wall consisting of earthen embankment, reinforced concrete and a flood gates. The project is currently in the design phase.

*HWY 70 Bypass / Hwy 70 Business 20" Force Main*

The proposed project includes a 20" force main crossing under the US 70 By-Pass/US 70 BUS interchange. The project is currently in the design phase.

*East Clayton WWPS Improvements*

The proposed project includes upgrading the East Clayton Wastewater Pump Station for additional capacity. The project is currently in the design phase.

*Landfill Equalization and WWPS Improvements*

The proposed project includes operational improvements and capacity upgrades to the Landfill Equalization and Wastewater Pumping Facility. The project is currently in the design phase.

*Elevation WD FY18 Hydraulic Improvements*

This project includes approximately 10,300 LF of 12" water main in the vicinity of Raleigh, Woodall-Dairy and Tarheel Roads and a 0.75 MGD booster pump station.

*Buffalo WD FY 18 Hydraulic Improvements*

This project includes approximately 8,800 LF of 20" water main from the Timothy G. Broome Water Treatment Plant to Buffalo Road.

*Wilson's Mills WD FY 18 Hydraulic Improvements*

This project includes approximately 11,300 LF of 12" and 16" water main along Gordon and Wilson's Mills Roads and a 1.5 MGD booster pump station (expandable to 3.7 MGD).

*Wilson's Mills WD WTP Service Line*

This project includes a 24" water main from the Timothy G. Broome Water Treatment Plant to the Wilsons Mills elevated water tank and booster pump station at the water treatment plant.

**Note 3 – Detail Notes on All Funds (continued)**

**6. Construction Commitments (continued)**

*Ingram's Township Water District 2018 Hydraulic Improvements*

The proposed project includes approximately 13,500 linear feet of 16-inch water main along US 301 and piping connection modifications in the vicinity of the Jones Brothers Tank. The project is currently in the design phase.

*McGee's Crossroads Water District Water Main Improvements (Phases 1 and 2)*

The proposed project includes improvements to facilitate water supply from Harnett County and to replace a section of 12-inch PVC water main that has experienced multiple failures. The project is currently in the design phase.

At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Landfill Entrance & Attendance Facilities	\$ 46,870	\$ 29,080
Landfill Phase 4-A Site Imp	15,311	16,189
WTP 2.5 MGD Exp / Future Planning	54,986	130,014
NCDOT Waterline Projects	228,224	248,847
WTP 2 MGD Expansion / Upgrade	325,899	2,734,101
Clayton No. 2 BPS Improvements	348,951	41,849
WTP Efficiency Project	-	4,600,200
Post-Clearwell Chemical Feed Imp	-	351,000
Biosolids Facilities Improvement	-	260,000
Buffalo WWPS Upgrade / Force Main	366,348	4,831,452
Pine Level WWPS Improvements	44,668	405,332
McGee's Crossroads Sewer Cons / Middle Creek Int	11,274	5,822,386
Swift Creek Interceptor Project	1,627,874	1,841,487
WWTP 4 MGD Expansion	965,758	38,967,242
Selma Equalization / WWPS Facilities Flood Resiliency Imp	22,796	1,037,204
HWY 70 Bypass / Hwy 70 Bus 20" Force Main	128,170	1,667,830
East Clayton WWPS Imp	-	200,000
Landfill Equalization & WWPS Imp	-	350,000
Elevation WD FY 18 Hydraulic Imp	163,028	1,366,972
Buffalo WD FY 18 Hydraulic Imp	238,493	2,354,587
Wilson's Mills WD FY 18 Hydraulic Imp	188,740	2,456,018
Wilson's Mills WD WTP Service Line	307,955	4,392,045
Ingram's Township WD FY 18 Hydraulic Imp	53,125	2,955,875
McGee's Xroads WD WM Imp (Phases 1 & 2)	74,911	5,622,809
Total	\$ 5,213,381	\$ 82,682,519

**B. LIABILITIES**

**1. Pavables**

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

	Salaries and				Total
	Vendors	Benefits	Accrued Interest	Other	
Governmental Activities:					
General	\$ 2,434,578	\$ 44,355	\$ 3,759,710	\$ -	\$ 6,238,643
Other Governmental	787,339	300	-	-	787,639
Total Governmental Activities	\$ 3,221,917	\$ 44,655	\$ 3,759,710	\$ -	\$ 7,026,282



**Note 3 – Detail Notes on All Funds (continued)**

**1. Payables (continued)**

	Salaries and				Total
	Vendors	Benefits	Accrued Interest	Other	
Business-type Activities					
Administrative	\$ 4,401	\$ -	\$ -	\$ -	\$ 4,401
Solid Waste	695,955	-	-	-	695,955
Water Fund	161,245	-	242,552	-	403,797
Wastewater	89,564	-	74,484	-	164,048
Section 8 Housing	1,416	-	-	-	1,416
Water Districts	57,587	-	239,344	-	296,931
Total Business-Type Activities	\$ 1,010,168	\$ -	\$ 556,380	\$ -	\$ 1,566,548

**2. Pension Plan and Other Postemployment Obligations**

a. Local Governmental Employees' Retirement System

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

*Benefits Provided.* LGERs provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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. 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 7.8% 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 \$4,399,528 for the year ended June 30, 2019.

**Note 3 – Detail Notes on All Funds (continued)**

**2. Pension Plan and Other Postemployment Obligations (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 \$19,972,479 for its proportionate share of the net pension liability. The Tourism Authority reported a liability of \$112,723, and the Airport reported a liability of \$105,800, for a total of \$20,191,003. 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 0.8419%, which was an increase of 0.0134% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$5,537,718. The Tourism Authority and Airport reported pension expense of \$31,254 and \$29,335, respectively. 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	\$ 3,081,279	\$ 103,393
Changes of assumptions	5,299,925	-
Net difference between projected and actual earnings on pension plan investments	2,741,627	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	2,427	151,223
County contributions subsequent to the measurement date	4,351,913	-
Total	<u>\$ 15,477,171</u>	<u>\$ 254,616</u>

\$4,351,913 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2020	\$ 5,271,861
2021	3,421,388
2022	603,951
2023	1,573,442
2024	-
Thereafter	-

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 percent
Investment Rate of	7.00 percent, net of pension plan investment expense, including inflation

**Note 3 – Detail Notes on All Funds (continued)**

**2. Pension Plan and Other Postemployment Obligations (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)			
County	\$ 47,975,626	\$ 19,972,480	\$ (3,427,388)
Tourism	270,771	112,723	(19,344)
Airport	254,141	105,800	(18,156)

**Note 3 – Detail Notes on All Funds (continued)**

**a. Local Governmental Employees' Retirement System (continued)**

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.

Johnston County Airport Authority, Johnston County Tourism Development Authority, and the Johnston County ABC Board reported their respective shares of the required disclosure for the contributions to LGERS for the years ended June 30, 2019.

**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description**

The 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 equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Inactive Members Currently Receiving Benefits	14
Active plan members	<u>114</u>
Total	<u><u>128</u></u>

**2. Summary of Significant Accounting Policies**

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

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

**3. Actuarial Assumptions**

The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

**4. Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations 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. For the current year, the County contributed \$159,027 or 2.69% of annual covered payroll. There were no contributions made by employees.

Note 3 – Detail Notes on All Funds (continued)

2. Pension Plan and Other Postemployment Obligations (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 \$3,566,568. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$230,931.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,312	\$ -
Changes of assumptions	146,527	162,863
County benefit payments and plan administrative expense made subsequent to the measurement date	159,027	-
Total	<u>\$ 364,866</u>	<u>\$ 162,863</u>

\$159,027 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 12,758
2021	12,758
2022	12,758
2023	18,767
2024	(14,065)
Thereafter	-

*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 3.16%, 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%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 3,876,824	\$ 3,566,568	\$ 3,284,186

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

	<b>2019</b>
Beginning balance	\$ 3,582,285
Service Cost	171,268
Interest on the total pension liability	110,100
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	44,449
Changes in assumptions or other inputs	(145,334)
Benefit payments	(196,200)
Other changes	-
Ending balance of the total pension liability	<u>\$ 3,566,568</u>

**Note 3 – Detail Notes on All Funds (continued)**

**2. Pension Plan and Other Postemployment Obligations (continued)**

**b. Law Enforcement Officers' Special Separation Allowance (continued)**

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 completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy* - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2019 were \$444,664, which consisted of \$327,028 from the County and \$117,636 from the law enforcement officers.

**d. Supplemental Retirement Income Plan for Nonlaw Enforcement Employees**

*Plan Description* - The County and the Airport also participates in a supplemental retirement plan which is a defined contribution pension plan. All employees, except law enforcement officers, who are eligible to participate in the Local Governmental Employees' Retirement System, are eligible to participate in this pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County's and Airport's plan requires that it contribute each month an amount equal the employee's contribution amount, not to exceed 5% of each eligible participant's salary and all amounts contributed are vested immediately. The Plan is administered by Prudential Retirement. The County has the authority for establishing and amending provisions for contributions to the plan.

*Funding Policy* - The County's contributions were calculated using a covered payroll amount of \$49,369,206. Total contributions for the year ended June 30, 2019 were \$2,849,412 which consisted of \$1,469,612 from the County and \$1,379,800 from the employees. The County's required contributions and the employees' voluntary contributions represented 2.98% and 2.79% of the covered payroll amount, respectively.

The Johnston County Airport Authority's contributions were calculated using a covered payroll amount of \$233,201. Total contributions for the year ended June 30, 2019 were \$25,053, which consisted of \$10,094 from the Authority and \$14,929 from the employees. The Authority's required contributions and the employee's voluntary contributions represented 4.33% and 6.40% of the covered payroll amount, respectively.

**e. Register of Deeds' Supplemental Pension Fund**

*Plan Description.* also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. 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 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](http://www.osc.nc.gov).

**Note 3 – Detail Notes on All Funds (continued)**

**e. 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 \$7,216 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$362,514 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 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 RODSPF employers, actuarially determined. At June 30, 2018, the County's proportion was 2.1887%, which was an increase of 0.3231% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$34,628. 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	\$ 3,196	\$ 16,547
Changes of assumptions	17,050	-
Net difference between projected and actual earnings on pension plan investments	57,782	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	-	20,386
County contributions subsequent to the measurement date	7,216	-
Total	\$ 85,244	\$ 36,933

\$7,216 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2020	\$ 13,068
2021	2,025
2022	17,028
2023	8,974
2024	-
Thereafter	-

*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

**Note 3 – Detail Notes on All Funds (continued)**

**2. Pension Plan and Other Postemployment Obligations (continued)**

**e. 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 as of December 31, 2014.

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

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

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

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

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension 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 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ (285,822)	\$ (362,514)	\$ (427,190)

*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 3 – Detail Notes on All Funds (continued)

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

	<u>LGERS</u>		<u>ROD</u>		<u>LEOSSA</u>		<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 19,972,479	\$	(362,514)	\$	-	\$	19,609,965
Proportion of the Net Pension Liability (Asset)	0.84%		2.19%		n/a		
Total Pension Liability	-		-		3,566,568		3,566,568
Pension Expense	\$ 5,537,718	\$	34,628	\$	230,931	\$	5,803,277

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

	<u>LGERS</u>		<u>ROD</u>		<u>LEOSSA</u>		<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>							
Differences between expected and actual experience	\$ 3,081,279	\$	3,196	\$	59,312	\$	3,143,787
Changes of assumptions	5,299,925		17,050		146,527		5,463,502
Net difference between projected and actual earnings on pension plan investments	2,741,627		57,782		-		2,799,409
Changes in proportion and differences between County contributions and proportionate share of contributions	2,427		-		-		2,427
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,351,913		7,216		159,027		4,518,156

**Deferred Inflows of Resources**

Differences between expected and actual experience	\$ 103,393	\$	16,547	\$	-	\$	119,940
Changes of assumptions	-		-		162,863		162,863
Changes in proportion and differences between County contributions and proportionate share of contributions	151,223		20,386		-		171,609

**g. Other Post Employment Benefit**

*Plan Description.* Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). Any participant hired prior to January 1, 2011 who commences retirement and meets the following conditions shall receive an annual retirement medical allowance. A participant must: (1) have ten years of service with the County if hired or elected prior to January 1, 2007; (2) have twenty years of service with the County if hired or elected on or after January 1, 2007 but prior to January 1, 2011; and (3) Be eligible and approved to receive retirement benefits in accordance with the regulations of the Local Governmental Employees' Retirement System. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

*Benefits provided.* The HCB Plan provides healthcare benefits for retirees. The County contributes all or most of the funding rate set by the County, depending on the medical plan elected. Insurance coverage will only be extended to retirees until they reach age 65 or until they are eligible to receive Medicare benefits, whichever occurs first. Once the retiree is eligible for Medicare, the retiree must pay the premiums for Medicare Part A and Medicare Part B to continue coverage through the County's health plan. Once the retiree is eligible for Medicare, the County's health plan becomes secondary to Medicare. Also, the County's retirees can purchase coverage for their dependents at the County's group rates if enrolled in dependent coverage at the time of retirement.

**Note 3 – Detail Notes on All Funds (continued)**

**g. Other Post Employment Benefit (continued)**

<u>Tier</u>	<u>Core Plan</u>	<u>Plus Plan</u>
Employee Only	\$ 700.81	\$ 757.57
Employee and Spouse	1,471.72	1,584.36

The retiree pays the following amounts:

<u>Tier</u>	<u>Core Plan</u>	<u>Plus Plan</u>
Employee Only	\$ -	\$ 70.00
Employee and Spouse	510.00	640.00

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	<u>Number</u>
Inactive plan members or beneficiaries currently receiving	307
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	435
	<u>742</u>

**Total OPEB Liability**

The County's total OPEB liability of \$173,606,994 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.89%
Health Care Cost Trends	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 4.75% by 2028
Medicare	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

**Note 3 – Detail Notes on All Funds (continued)**

**g. Other Post Employment Benefit (continued)**

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balances at June 30, 2017	\$ 151,401,401
Changes for the Year:	
Service Cost	4,226,774
Interest	5,329,180
Differences between Expected and Actual experience	24,291,757
Changes of assumptions	(8,203,041)
Benefit Payments	(3,439,077)
Net Changes	<u>22,205,593</u>
Balances at June 30, 2018	<u>\$ 173,606,994</u>

The discount rate used to measure the TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

*Discount Rate.* The discount rate used to measure the total OPEB liability at June 30, 2019 and June 30, 2018 was 3.89% and 3.56%, respectively.

*Sensitivity of the new OPEB liability to changes in the discount rate.*

The following presents the net OPEB liability of the County at June 30, 2018, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89%) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability			
County	\$ 209,803,870	\$ 173,606,994	\$ 145,692,651
Airport	\$ 1,476,530	\$ 1,221,819	\$ 1,025,336

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.*

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability			
County	\$ 144,029,140	\$ 173,606,994	\$ 212,341,571
Airport	\$ 1,013,629	\$ 1,221,819	\$ 1,494,389

*Changes of assumptions.* Since the Prior Measurement Date, the Discount Rate has changed from 3.56% to 3.89% due to a change in the Municipal Bond Rate.

**Note 3 – Detail Notes on All Funds (continued)**

**g. Other Post employment Benefit (continued)**

**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 \$8,451,440. The Airport reported OPEB expense of \$59,479. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	COUNTY		AIRPORT	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,543,576	\$ -	\$ 137,541	\$ -
Changes of assumptions	-	17,704,642	-	124,599
Net Difference between projected and actual earnings on plan investments	-	-	-	-
County contributions subsequent to the measurement date	2,563,214	-	10,724	-
<b>Total</b>	<b>\$ 22,106,790</b>	<b>\$ 17,704,642</b>	<b>\$ 148,265</b>	<b>\$ 124,599</b>

\$2,563,214 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	COUNTY	AIRPORT
Year Ended June 30:		
2020	\$ 506,394	\$ 3,564
2021	506,394	3,564
2022	506,394	3,564
2023	319,752	2,250
2024	-	-
Thereafter		

**h. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

**Note 3 – Detail Notes on All Funds (continued)**

**3. Closure and post closure care costs - Johnston County Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Subtitle D landfill unit (Phase 5) when it stops accepting waste and to perform certain maintenance and monitoring functions at each site for thirty years after closure is complete on each unit. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$15,620,493 reported as landfill closure and post-closure care liability at June 30, 2019 represents a cumulative amount reported to date based on the 100% use and care of the Phase 1-5 landfill units. This amount is based on what it would cost to perform all closure and post-closure care activities in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The engineers that prepare the County's annual report on closure and postclosure landfill costs do not provide separate numbers for those costs due within one year, so the liability is all shown as long-term.

The County has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a local government is financially able to meet closure and post-closure care requirements.

**4. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 9,347,848	\$ -
Difference between expected and actual experience (Pensions, OPEB)		-
LGERS	3,081,279	103,393
Register of Deeds	3,196	16,547
LEOSSA	59,312	-
OPEB	19,543,576	-
Changes of Assumptions (Pensions, OPEB)		
LGERS	5,299,925	-
Register of Deeds	17,050	-
LEOSSA	146,527	162,863
OPEB	-	17,704,642
Difference between projected and actual investment earnings (Pensions, OPEB)		
LGERS	2,741,627	-
Register of Deeds	57,782	-
OPEB	-	-
Change in proportion and difference between employer contributions and proportionate share of contributions (Pensions, OPEB)		
LGERS	2,427	151,221
Register of Deeds	-	20,386
OPEB	-	-
Contributions to pension plan in 2017-2018 fiscal year		
LGERS	4,351,912	-
Register of Deeds	7,216	-
Benefit payments for the OPEB plan paid subsequent to measurement date	2,563,214	-
Benefit payments / administration costs paid subsequent to the measurement date (LEOSSA)	159,027	-
Prepaid taxes not year earned (General)	-	173,806
Taxes receivable, net, less penalties (General)	-	95,515
Taxes receivable, net, less penalties (Special Revenue)	-	49,646
Capacity Fees (Water Fund)	-	17,342,157
	<u>\$ 47,381,923</u>	<u>\$ 35,820,176</u>

**Note 3 – Detail Notes on All Funds (continued)**

**5. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk financing pool administered by the North Carolina Association of County Commissioners. Through this pool the County obtains coverage for workers' compensation up to statutory limits. The County has coverage for property replacement with St. Paul Property and Liability Insurance Company. This plan covers building and contents. Motor vehicles and equipment are also covered by this policy. For vehicles, bodily injury limits are \$1,000,000 per person and \$2,000,000 per accident. The County claims governmental immunity from all liability except to the limited coverage provided by the above policy. The County is self insured through Coventry, who also functions as the Third Party Administrator. County employees have the option of a Core Plan, the Advantage Plan, or a Premier plan at an additional premium cost which offers lower copayments, deductibles, and coinsurance amounts. All plans offer in and out of network benefits. Services provided under all plans within the network have a lifetime maximum of \$5,000,000 per member, while services provided out of network under all plans have a lifetime maximum of \$1,000,000 per member. The County purchases reinsurance protection through Coventry for claims that exceed \$125,000 per fiscal year. The Johnston County Board of Alcoholic Control is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Board has property, general liability, workers' compensation, and employee health coverage. The Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

The County has flood insurance thru Bankers Insurance Group on certain public utilities property. The coverage varies as to the values of the property.

The Finance Director, County Manager, Clerk to the Board, and Assistant Finance Director are bonded for \$500,000. The Economic Development Director is bonded for \$100,000, the Social Services Director is bonded for \$55,000, the Register of Deeds and Sheriff is bonded for \$60,000, and the Tax Director is bonded for \$50,000. All other employees are blanket bonded for \$50,000.

The Johnston County Airport Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**6. Claims and Judgments**

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

**7. Lease revenues**

The Johnston County Airport Authority leases land and buildings under leases for varying terms. At June 30, 2019, the minimum rental payments under non cancelable leases with a term in excess of one year were as follows:

Year Ending June 30	Amount
2020	\$ 92,350
2021	70,100
2022	53,100
2023	18,900
2024	18,000
	<u>\$ 252,450</u>

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations**

**General obligation bonds** - General obligation bonds payable at June 30, 2019 are comprised of the following issues:

Serviced by the General Fund

The County's general obligation bonds are serviced by the governmental funds and are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are appropriated when due. In the event of default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under the agreement.

\$14,340,000 General Obligation Refunding Bonds, Series 2009B (School) due on February 1 in principal installments of \$1,280,000 to \$1,510,000 through February 2021, at a true interest cost of 2.93%.	\$ 2,840,000
\$54,735,000 General Obligation Refunding Bonds, Series 2010A (School, Community College, and Parks and Recreation) due on February 1 in principal installments of \$210,000 to \$3,380,000 through February 2024, at a true interest cost of 3.12%.	33,255,000
\$30,400,000 General Obligation Refunding Bonds, Series 2010B (School and Community College) due on February 1 in principal installments of \$205,000 to \$4,075,000 through February 2025, at a true interest cost of 2.36%.	14,510,000
\$34,345,000 General Obligation Refunding Bonds, Series 2012 (School, Community College and Parks & Recreation) due on February 1 in principal installments of \$45,000 to \$6,995,000 through February 2025, at a true interest cost of 1.91%.	27,275,000
\$19,000,000 General Obligation Public Improvement Bonds, Series 2014 (School and Community College) due on February 1 in principal installments of \$40,000 to \$1,400,000 through February 2034, at a true interest cost of 3.24%.	17,400,000
\$18,000,000 General Obligation School Bonds, Series 2015 due on February 1 in principal installments of \$350,000 to \$1,400,00, through February 2035, at a true interest cost of 2.844%.	16,950,000
\$50,060,000 General Obligation Refunding Bonds, Series 2015 (School, Community College and Parks & Recreation) due on February 1 in principal installments of \$590,000 to \$11,120,000 through February 2028, at a true interest cost of 2.288%.	48,965,000
\$27,000,000 General Obligation Public Improvement Bonds, Series 2016 (School and Community College) due on February 1 in principal installments of \$500,000 to \$1,750,000 through February 2036, at a true interest cost of 2.3771%.	26,000,000
\$11,925,000 General Obligation Refunding Bonds, Series 2016 (School, Community College and Parks & Recreation) due on February 1 in principal installments of \$50,000 to \$4,270,000 through February 2022, at a true interest cost of 1.0721%..	9,870,000
\$20,000,000 General Obligation School Bonds, Series 2019 Bond due on February 1 in principal installments of \$490,000 to \$1,185,000 through February 2039, at a true interest cost of 2.3823%.	<u>20,000,000</u>
Total - General Obligation Bonds - Governmental Activities	<u><u>\$ 217,065,000</u></u>

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**General Obligation Bonds (continued)**

Serviced by the Water Districts

The County water districts have issued general obligation bonds to provide funds for the acquisition and construction of major water system capital improvements. These bonds are recorded in the Water District Operating Fund.

Each water district's general obligation bond is a direct placement with the County as the registered owner, as part of Limited Obligation Refunding Bonds issued by the County on July 15, 2013 and June 27, 2014 (see "Limited Obligation Bonds" below). Each water district's general obligation bond is collateralized by the full faith, credit, and taxing power of the respective water district. In the event of a default, the water district agrees to pay to the County, on demand, interest on any and all amounts due and owing by the water district under the agreement.

\$3,160,000 Refunding, Series 2013 bonds (Archer's Lodge) due in installments of \$85,000 to \$180,000 through 2037, interest varies from 2% to 4.75%.	\$ 2,595,000
\$2,930,000 Refunding, Series 2013 bonds (Brogden) due in installments of \$65,000 to \$160,000 through 2039, interest varies from 2% to 4.75%.	2,495,000
\$2,915,000 Refunding, Series 2013 bonds (Clayton) due in installments of \$80,000 to \$165,000 through 2039, interest varies from 2% to 4.75%.	2,370,000
\$3,025,000 Refunding, Series 2013 bonds (Cleveland) due in installments of \$85,000 to \$185,000 through 2036, interest varies from 2% to 4.75%.	2,435,000
\$1,330,000 Refunding, Series 2013 bonds (Hopewell/Pisgah) due in installments of \$45,000 to \$80,000 through 2033, interest varies from 2% to 4.75%.	1,025,000
\$3,295,000 Refunding, Series 2013 bonds (Little Creek) due in installments of \$80,000 to \$185,000 through 2038, interest varies from 2% to 4.75%.	2,750,000
\$4,955,000 Refunding, Series 2013 bonds (McGee's Crossroads) due in installments of \$135,000 to \$300,000 through 2037, interest varies from 2% to 4.75%.	4,070,000
\$2,290,000 Refunding, Series 2013 bonds (Princeton-Kenly) due in installments of \$50,000 to \$125,000 through 2039, interest varies from 2% to 4.75%.	1,940,000
\$900,000 Refunding, Series 2013 bonds (Wilson's Mills) due in installments of \$20,000 to \$45,000 through 2039, interest varies from 2% to 4.75%.	755,000
\$2,470,000 Refunding, Series 2014 bonds (Buffalo) due in installments of \$35,000 to \$175,000 through 2039, interest varies from 2% to 5%.	2,275,000
\$3,505,000 Refunding, Series 2014 bonds (Elevation) due in installments of \$60,000 to \$235,000 through 2039, interest varies from 2% to 5%.	3,195,000
\$2,365,000 Refunding, Series 2014 bonds (Ingram's Township) due in installments of \$60,000 to \$235,000 through 2039, interest varies from 2% to 5%.	2,155,000
\$8,270,000 Refunding, Series 2014 bonds (Little River) due in installments of \$130,000 to \$560,000 through 2039, interest varies from 2% to 5%.	7,540,000
\$2,735,000 Refunding, Series 2014 bonds (Meadow) due in installments of \$45,000 to \$185,000 through 2039, interest varies from 2% to 5%.	2,485,000
\$7,165,000 Refunding, Series 2014 bonds (O'Neal's) due in installments of \$150,000 to \$470,000 through 2039, interest varies from 2% to 5%.	<u>6,370,000</u>
Total - General Obligation Bonds - Business-Type	<u>\$ 44,455,000</u>



**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**General Obligation Bonds (continued)**

At June 30, 2019, the County had general obligation bonds authorized but unissued of \$92,525,000. The legal debt margin is \$1,042,786,746.

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

Year Ending June 30	Governmental Activities		Business-Type Activities		Total
	Principle	Interest	Principle	Interest	
2020	\$ 22,865,000	\$ 8,405,697	\$ 1,375,000	\$ 1,990,838	\$ 34,636,535
2021	23,100,000	7,841,075	1,455,000	1,930,337	34,326,412
2022	23,320,000	6,793,375	1,575,000	1,866,238	33,554,613
2023	23,290,000	5,799,525	1,695,000	1,796,487	32,581,012
2024	23,395,000	4,773,325	1,885,000	1,718,788	31,772,113
2025-2029	63,295,000	11,883,125	10,865,000	7,135,613	93,178,738
2030-2034	27,775,000	4,183,125	13,265,000	4,357,988	49,581,113
2035-2039	10,025,000	711,750	12,340,000	1,434,681	24,511,431
	-	-	-	-	-
	<u>\$ 217,065,000</u>	<u>\$ 50,390,997</u>	<u>\$ 44,455,000</u>	<u>\$ 22,230,970</u>	<u>\$ 334,141,967</u>

**State Revolving Loans**

Serviced by the Enterprise Funds

The County has outstanding State Revolving Fund loan promissory notes from direct borrowings related to enterprise activities, each secured solely from the revenues of the benefited enterprise system. Each revolving loan note contains provisions that in the event the County fails to pay any payment of principal or interest on the note when due, any other monies due to the County from the State may be withheld by the State and applied to the payment of the revolving loan obligation. Each revolving loan note also contains a provision that if certain conditions of the revolving loan program are not met, the State could require the County to prepay the note in whole and have further commitment of funds withdrawn.

A revolving loan note from a direct borrowing was executed December 11, 1998 in the amount of \$537,000 due in principal installments of \$26,850 on May 1 through 2021, at an interest rate of 2.6%.

\$ 53,700

A revolving loan note from a direct borrowing was executed December 11, 1998 in the amount of \$539,200 due in principal installments of \$26,960 on May 1 through 2021, at an interest rate of 2.6%.

53,920

A revolving loan note from a direct borrowing was executed August 18, 2005 in the amount of \$14,508,144 due in principal installments of \$725,407 on May 1 through 2026, at an interest rate of 2.66%.

5,077,850

A revolving loan note from a direct borrowing was executed November 14, 2011 in the amount of \$5,188,678 due in principal installments ranging from \$196,669 to \$307,682 on May 1 through 2029, at an interest rate of 2.1%.

2,849,518

A revolving loan note from a direct borrowing was executed November 14, 2011 in the amount of \$11,710,145 due in principal installments ranging from \$480,226 to \$699,397 on May 1 through 2030, at an interest rate of 2.1%.

7,029,463

A revolving loan note from a direct borrowing was executed February 22, 2012, 2010 in the amount of \$1,500,000 due in principal installments of \$75,000 on May 1 through 2031, at an interest rate of 0%.

900,000

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**State revolving loans (continued)**

A revolving loan note from a direct borrowing was executed February 22, 2012 in the amount of \$5,097,577 due in principal installments of \$254,879 on May 1 through 2032, at an interest rate of 2.22%.	3,313,425
A revolving loan note from a direct borrowing was executed August 23, 2012 in the amount of \$200,000 due in principal installments of \$10,000 on May 1 through 2033, at an interest rate of 0%.	140,000
A revolving loan note from a direct borrowing was executed October 3, 2012 in the amount of \$300,000 due in principal installments of \$15,000 on May 1 through 2033, at an interest rate of 0%.	210,000
A revolving loan note from a direct borrowing was executed May 22, 2012 in the amount of \$3,000,000 due in principal installments of \$150,000 on May 1 through 2033, at an interest rate of 0%.	2,100,000
A revolving loan note from a direct borrowing was executed August 13, 2014 in the amount of \$117,702 due in principal installments of \$8,906 on May 1 through 2023, at an interest rate of 2.220%.	35,626
A revolving loan note from a direct borrowing was executed August 18, 2014 in the amount of \$2,553,650 due in principal installments of \$127,621.68 on May 1 through 2033, at an interest rate of 0%.	1,786,703
A revolving loan note from a direct borrowing was executed September 26, 2014 in the amount of \$311,091 due in principal installments of \$15,555 on May 1 through 2035, at an interest rate of 0%.	248,873
A revolving loan note from a direct borrowing was executed December 10, 2015 in the amount of \$990,209 due in principal installments of \$49,510 on May 1 through 2036, at an interest rate of 0%.	841,678
A revolving loan note from a direct borrowing was executed August 10, 2018 in the amount of \$6,765,678 due in principal installments of \$338,283.90 on May 1 through 2037, at an interest rate of 0%.	6,089,110
A revolving loan note from a direct borrowing was executed July 9, 2018 in the amount of \$897,585 due in principal installments of \$44,879 on May 1 through 2037, at an interest rate of 1.69%.	807,826
A revolving loan note from a direct borrowing was executed May 2, 2017 in the amount of \$937,200 due in principal installments of \$46,860 on May 1 through 2037, at an interest rate of 1.66%.	843,480
A revolving loan note from a direct borrowing was executed October 5, 2018 in the amount of \$3,188,007 due in principal installments of \$159,400 on May 1 through 2039, at an interest rate of 1.4%. This revolving loan is being drawn down on a project cost reimbursement basis, and the first principal payment is due not earlier than six months after the scheduled completion date for the project of April 28, 2019.	1,447,744
Serviced by the Water Districts:	
A revolving loan note from a direct borrowing was executed on August 31, 2004 in the amount of \$1,538,717 (Brogden Water District) due in principal installments of \$76,936 on May 1 through 2025, at an interest rate of 2.66%.	461,615
	<hr/>
Total - State Revolving Loans - Business-Type	<u>\$ 34,290,531</u>

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**State revolving loans (continued)**

Annual debt service requirements to maturity for the County’s Revolving Federal Loans, including interest of \$2,747,556 and \$34,290,531 of additional principal once drawn down for the Enterprise Fund are as follows:

Year Ending June 30	Amount	Principal	Interest
2020	\$ 3,492,859	\$ 2,988,067	\$ 504,792
2021	3,435,579	3,005,623	429,956
2022	3,349,404	2,969,738	379,666
2023	3,318,437	2,988,039	330,398
2024	3,278,565	2,997,819	280,746
2025-2029	13,354,693	12,636,640	718,053
2030-2034	5,394,688	5,299,961	94,727
2035-2039	1,413,862	1,404,644	9,218
	<u>\$ 37,038,087</u>	<u>\$ 34,290,531</u>	<u>\$ 2,747,556</u>

**Installment purchase loans** – Installment purchase loans payable at June 30, 2019 are comprised of the following:

Serviced by the General Fund

\$4,500,000 direct placement for construction of the County Agriculture Building. Payments are due in principal installments on July 15 of \$300,000 through 2019, plus interest at 5.35%. The installment financing contract is secured with a Deed of Trust on the real property that includes the building. The contract contains provisions that upon event of default the Bank could (a) declare the entire principal amount of the installment payments and all accrued interest and other charges immediately due and payable without notice, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the Contract, (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest, (d) terminate the contract and use, operate, lease or hold all or any part of the real property collateral, or (e) enforce its security interest or institute foreclosure proceedings under the Deed of Trust.

\$ 300,000

Total - General Fund

\$ 300,000

Serviced by the Enterprise Funds

Several of the County's water districts have issued direct placement installment financing contracts with the County as the registered owner, as part of Limited Obligation Refunding Bonds issued by the County on July 15, 2013 and June 27, 2014 (see "Limited Obligation Bonds" below). In the event of default with each of these direct placement installment financing contracts with the County, the Trustee may (a) declare the unpaid portion of the principal and interest components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance by the district of the applicable covenants of the contract or to recover for the breach thereof, or (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest under the contract.

\$240,000 Refunding (direct placement with the County) of 2007A USDA installment financing contract issued to finance construction of improvements to Ingram's Township W/D, due in annual principal installments ranging from \$5,000 to \$15,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by sewer system improvements in the Devils Race Track area of the Ingram's Township W/D.

\$ 215,000

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Installment Purchase loans (continued)**

<p>\$110,000 Refunding (direct placement with the County) of 2007B USDA installment financing contract issued to finance construction of improvements to Ingram's Township W/D, due in annual principal installments ranging from \$5,000 to \$10,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by sewer system improvements in the Devils Race Track area of the Ingram's Township W/D.</p>	95,000
<p>\$655,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Archer's Lodge W/D, due in annual principal installments ranging from \$10,000 to \$45,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Archer's Lodge W/D's 300,000 GPD water capacity in the County's water treatment plant.</p>	600,000
<p>\$215,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Clayton W/D, due in annual principal installments ranging from \$5,000 to \$15,000 , plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Clayton W/D's 100,000 GPD water capacity in the County's water treatment plant.</p>	190,000
<p>\$3,275,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Cleveland W/D, due in annual principal installments ranging from \$55,000 to \$225,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Cleveland W/D's 1.5 MGD water capacity in the County's water treatment plant.</p>	2,980,000
<p>\$545,000 Refunding (direct placement with the County) of 2007 USDA installment contract issued to purchase additional capacity in the County water treatment plant for Hopewell-Pisgah W/D, due in annual principal installments ranging from \$10,000 to \$35,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Hopewell-Pisgah W/D's 250,000 GPD water capacity in the County's water treatment plant.</p>	495,000
<p>\$545,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Little Creek W/D, due in annual installments ranging from \$10,000 to \$35,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Little Creek W/D's 250,000 GPD water capacity in the County's water treatment plant.</p>	495,000
<p>\$1,530,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for McGee's Crossroads W/D, due in annual principal installments ranging from \$25,000 to \$105,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by McGee's Crossroads W/D's 700,000 GPD water capacity in the County's water treatment plant.</p>	1,395,000

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

Installment purchase loans (continued)

\$435,000 Refunding (direct placement with the County) of 2007 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Wilson's Mills W/D, due in annual principal installments ranging from \$5,000 to \$35,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Wilson's Mills W/D's 200,000 GPD water capacity in the County's water treatment plant. 395,000

\$1,105,000 Refunding (direct placement with the County) of 2009 USDA installment financing contract issued to purchase additional capacity in the County water treatment plant for Archer's Lodge W/D, due in annual principal installments ranging from \$20,000 to \$75,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Archer's Lodge W/D's 452,727 GPD water capacity in the County's water treatment plant. 1,005,000

\$215,000 Refunding (direct placement with the County) of 2011 USDA installment financing contract issued to finance construction of improvements to Hopewell-Pisgah W/D, due in annual principal installments ranging from \$5,000 to \$15,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by Hopewell-Pisgah W/D's 250 GPD water capacity in the County's water treatment plant. 190,000

\$225,000 Refunding (direct placement with the County) of a 1999 Drinking Water Revolving loan issued to finance construction of improvements to Southeast Lowgrounds W/D, due in annual principal installments ranging from \$5,000 to \$15,000, plus semi-annual interest ranging from 2% to 5% through 2039. The direct placement installment financing contract is secured by the improvements constructed in Southeast Lowgrounds W/D. 70,000

Several of the County's water districts have issued direct placement installment financing contracts with USDA as the registered owner. In the event of default with each of these direct placement installment financing contracts with USDA, the lender may (a) declare the entire outstanding balance immediately due and payable without notice, (b) proceed by appropriate court action to enforce performance by the district of any or all of the covenants of the contract or to recover for the breach thereof, (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest under the contract, or (d) terminate the contract and use, operate, lease or hold all or any part of the facility as the lender in its sole discretion may decide.

\$505,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (Brogden W/D), due in annual installments of \$23,195, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by Brogden W/D's proportional investment in certain improvements to the County's water treatment plant. 436,562

\$380,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (Buffalo W/D), due in annual installments of \$17,454, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by Buffalo W/D's proportional investment in certain improvements to the County's water treatment plant. 328,499

\$404,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (Ingram's Township W/D), due in annual installments of \$18,556, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by Ingram's Township W/D's proportional investment in certain improvements to the County's water treatment plant. 349,250

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

Installment purchase loans (continued)

\$511,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (Meadow W/D), due in annual installments of \$23,471, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by Meadow W/D's proportional investment in certain improvements to the County's water treatment plant. 441,745

\$313,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (O'Neal's W/D), due in annual installments of \$14,377, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by O'Neal's W/D's proportional investment in certain improvements to the County's water treatment plant. 270,575

\$382,000 direct placement USDA installment financing contract issued to finance a proportional share of improvements to the County water treatment plant (Princeton-Kenly W/D), due in annual installments of \$14,377, including interest at 3.375% through 2049. The direct placement installment financing contract is secured by Princeton-Kenly W/D's proportional investment in certain improvements to the County's water treatment plant. 330,226

\$ 10,281,857

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

Year Ending June 30	Governmental Activities		Business-type Activities		Total
	Principle	Interest	Principle	Interest	
2020	\$ 300,000	\$ 7,650	\$ 251,805	\$ 433,519	\$ 992,974
2021	-	-	253,215	421,608	674,823
2022	-	-	234,675	409,649	644,324
2023	-	-	306,182	398,642	704,824
2024	-	-	362,741	384,083	746,824
2025-2029	-	-	2,113,989	1,640,881	3,754,870
2030-2034	-	-	2,586,647	1,114,973	3,701,620
2035-2039	-	-	3,182,910	549,797	3,732,707
2040-2044	-	-	434,329	138,666	572,995
2045-2049	-	-	512,739	60,256	572,995
2050-2054	-	-	42,625	1,439	44,064
2055-2059	-	-	-	-	-
	<u>\$ 300,000</u>	<u>\$ 7,650</u>	<u>\$ 10,281,857</u>	<u>\$ 5,553,513</u>	<u>\$ 16,143,020</u>

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Installment Purchase Loans (continued)**

**Installment purchase loans – Airport** – Installment purchase loans for the Airport have been issued for the construction of T-Hangars. These obligations at June 30, 2019 are comprised of the following:

Direct Placement loan executed 6/6/05 to finance construction of 20 additional T-Hangars in the amount of \$360,000 at an interest rate of 5.25%, principal to be repaid in 180 monthly payments, the first principal payment being due on or before 7/1/05. The property is pledged as collateral while the debt is outstanding. In the event of default, the outstanding balance is immediately due, including any accrued interest. \$ 30,917

Annual debt service requirements to maturity for the Airport Authority’s debt are as follows:

Year Ending June 30	Installment Purchases		
	Principal	Interest	Total
2020	\$ 30,917	\$ 820	\$ 31,737
2021	-	-	-
	<u>\$ 30,917</u>	<u>\$ 820</u>	<u>\$ 31,737</u>

**Other notes payable** – Notes issued for the construction and improvements of the wastewater treatment facilities, water lines and landfill are being retired by the resources in the Public Utilities Fund and are reported as a long-term debt in the Public Utilities Fund.

Notes payable at June 30, 2019 are comprised of the following:

Serviced by the Water Districts Enterprise Fund

\$57,850 direct borrowing note payable issued February 2006 to purchase a 6" water main \$ 32,441 and certain other water mains from Harnett County, due in annual installments of \$3,709, including interest at 4.00% through 2030. The note is secured by the purchased improvements. \$ 32,441

Annual debts service requirements to maturity for the County’s other notes payable, including interest of \$8,293 are as follows:

Year Ending June 30	Business Type Activities		
	Amount	Principle	Interest
2020	\$ 3,703	\$ 2,405	\$ 1,298
2021	3,703	2,502	1,201
2022	3,703	2,602	1,101
2023	3,703	2,706	997
2024	3,703	2,814	889
2025-2029	18,515	15,851	2,664
2030-2034	3,704	3,561	143
	<u>\$ 40,734</u>	<u>\$ 32,441</u>	<u>\$ 8,293</u>

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Revenue Bonds**

Revenue bonds payable at June 30, 2019 are comprised of the following issues:

The County Water Fund has issued direct placement USDA Water System Revenue Bonds to finance various water improvement projects. The County has pledged Net Revenues of the water system to secure the payment of the principal of and interest on the Water System Revenue Bonds. Net revenues of the system are defined as revenues (all monies received as a result of ownership or operation of the system, excluding the proceeds of any borrowing) less operating expenses (reasonable and necessary current expenses of maintaining, repairing and operating the system, excluding reserves or any allowance for depreciation, amortization or interest). Net revenues are immediately subject to the lien of the pledge. The County also covenants to fix, charge and collect rates and charges for the use of and for services furnished or to be furnished by the system (see below). In the event of default, holders of the water system revenue bonds may, by a notice in writing to the County, declare the principal amount of the bonds then outstanding to be due and payable immediately.

\$ 3,877,000 Water System, Series 2013 Revenue Bond (direct placement) \$ 3,159,023  
 issued on March 25, 2013; Principal installments of \$50,000 to \$165,000 are  
 due annually on June 1, including interest at 3.125%.

\$3,309,000 Water Revenue Bonds, Series 2011 (direct placement) issued for 2,936,375  
 water system improvements. Principal installments of \$38,000 to \$155,000  
 are due annually on June 1, at an annual interest rate of 3.75%.

Total Revenue Bonds \$ 6,095,398

Year Ending June 30	Business Type Activities		
	Amount	Principal	Interest
2020	\$ 322,132	\$ 112,000	\$ 210,132
2021	321,319	115,000	206,319
2022	321,407	119,000	202,407
2023	321,357	123,000	198,357
2024	321,169	127,000	194,169
2025-2029	1,609,622	707,000	902,622
2030-2034	1,608,604	835,000	773,604
2035-2039	1,608,016	987,000	621,016
2040-2044	1,609,129	1,169,000	440,129
2045-2049	1,607,816	1,382,000	225,816
2050-2054	441,304	419,397	21,907
	<u><u>\$ 10,091,875</u></u>	<u><u>\$ 6,095,397</u></u>	<u><u>\$ 3,996,478</u></u>



**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Revenue bonds (continued)**

The County is in compliance with the covenants as to rates, fees, rentals and charges in Section 301 of the Bond Order, authorizing the issuance of the Water System Improvement Revenue Bonds (Series A). Section 301(f) of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service ratio calculation for the year ended June 30, 2019 is as follows:

Operating Revenues	\$ 18,046,572
Operating Expenses*	<u>11,833,677</u>
Operating Income	6,212,895
Nonoperating revenues (expenses)**	<u>227,122</u>
Income available for debt service	6,440,017
Debt Service, principal and interest paid (Revenue Bond only)	\$ 320,509
Debt service coverage ratio	2009%

\*Per rate covenant, this does not include the depreciation expense of \$3,186,686.

\*\*Per rate covenant, this does not include revenue bond interest paid of \$212,509.

**Limited Obligation Bonds**

Limited Obligation bonds payable at June 30, 2019 are comprised of the following issues:

Serviced by the General Fund

\$28,245,000 Limited Obligation Refunding Bonds, Series 2010 due on October 15 in annual principal installments of \$1,050,000 to \$2,130,000 through October 2027, plus semi-annual interest at a true interest cost of 3.364%. The 2010 limited obligation bonds (LOBs) are issued under an installment financing contract secured by a deed of trust on real property on which Cleveland High School is located. As authorized by State law {G.S. 160A-20 and 153A-158.1}, the County financed construction of the high school in 2008 for use by the Johnston County Board of Education. The 2010 LOBs were issued to refinance the debt issued in 2008 to construct the high school. Pursuant to the deed of trust, legal title to the property financed is required to remain with the County as long as the debt is outstanding. The County has entered into a lease with the Johnston County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for a nominal lease payment. The lease term is the same as that of the financing obligation. Due to the economic substance of the transaction, the capital assets associated with the financing obligation are recorded by the Board of Education. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust.

4,140,000

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Limited Obligation Bonds (continued)**

\$20,741,000 direct placement Limited Obligation Refunding Bonds, Series 2017 due on October 1 in principal installments of \$1,392,000 to \$2,692,000 through October 2027, plus semi-annual interest at a true interest cost of 2.471%. The direct placement limited obligation bonds are issued under an installment financing contract secured by a deed of trust on real property on which Cleveland High School is located. As authorized by State law {G.S. 160A-20 and 153A-158.1}, the County financed construction of the high school in 2008 for use by the Johnston County Board of Education. The direct placement installment financing contract was issued to refund the County's Installment Payment Revenue Refunding Bonds (School and Museum Projects), Series 2006 and the 2010 LOBs described above, which were issued pursuant to a deed of trust that requires that legal title to the property financed remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into a lease with the Johnston County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for a nominal lease payment. The lease term is the same as that of the installment purchase obligation. Due to economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the Contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust.

18,001,000

\$26,750,000 Limited Obligation Bonds, Series 2017A due on April 1 in principal installments of \$410,000 to \$1,450,000 through April 2037, plus semi-annual interest at a true interest cost of 2.716%. The 2017A LOBs were issued to finance improvements to 15 existing schools in the County and are issued under an installment financing contract secured by a deed of trust on real property on which South Johnston High School is located. The deed of trust requires that legal title to the property remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. The County has entered into a lease with the Johnston County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for a nominal lease payment. The lease term is the same as that of the installment purchase obligation. Due to economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education. The contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, and (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust.

25,405,000

Total Serviced by the General Fund

\$ 47,546,000

Serviced by the County Enterprise Funds

\$26,365,000 Limited Obligation Bonds, Series 2013 due on June 1 in principal installments of \$250,000 to \$1,355,000 through June 2039, plus semi-annual interest at a true interest cost of 4.1846%. The 2013 LOBs were issued to refinance an existing installment financing contract of the County and to purchase certain general obligation refunding bonds of 9 of the County's water districts. The 9 County water districts each issued individual refunding bonds for each of the USDA Bonds being refinanced. As security for the 2013 LOBs, the County has granted a security interest to the holders in (1) the County's right, title and interest to refunding bonds issued by the 9 water districts; and (2) a deed of trust and fixture filing granting a lien of record on the County's water treatment plant. The installment financing contract contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal and interest components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the Contract, (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust., or (d) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract, including enforcing payment on the district refunding obligations and/or selling such district refunding obligations.

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Limited Obligation Bonds (continued)**

When debt service is due on the 2013 LOBs, each of the applicable 9 water districts will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The reader should note that this debt issuance of the County is partially offset by the water district refunding obligations as detailed under the General Obligation Indebtedness section.

The Water Districts are a blended component unit of the County. On the fund statements, the amounts owed to the County to make the payments for the LOBs are classified as "Due to the County" in the Water District Operating Fund, and as "Due from the Districts" in the County Water Fund. On the government-wide statements, these amounts are eliminated. Therefore, when Exhibit 1 debt totals are compared to the total debt in the notes, the amount will differ by the amount eliminated for this LOB debt. Of the total 2013 LOBs balance of \$21,060,000, \$20,435,000 is recorded as Due from the Districts and is eliminated in Exhibit 1.

\$43,990,000 Limited Obligation Bonds, Series 2014 due on June 1 in principal installments of \$215,000 to \$2,375,000 through June 2039, plus semi-annual interest at a true interest cost of 3.6142%. The 2014 LOBs were issued to purchase certain general obligation refunding bonds of 6 of the County's water districts, to purchase installment finance refunding contracts of 8 of the County's water districts, to refinance 2 County installment finance contracts, and to refinance 5 State revolving fund loans. The 6 applicable County water districts each issued individual general obligation refunding bonds for each of the USDA Bonds being refinanced and the 8 applicable County water districts each issued installment financing refunding contracts. As security for the 2014 LOBs, the County has granted a security interest to the holders in (1) the County's right, title and interest to refunding obligations issued by these water districts; and (2) a deed of trust and fixture filing granting a lien of record on the County's water treatment plant. The installment financing contract under the LOBs contains provisions that upon event of default the trustee may, (a) declare the unpaid portion of the principal and interest components of the installment payments immediately due and payable without notice or demand, (b) proceed by appropriate court action to enforce performance of the applicable covenants of the contract, (c) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract and the deed of trust., or (d) exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved under the contract, including enforcing payment on the district refunding obligations and/or selling such district refunding obligations.

When debt service is due on the 2014 LOBs, each of the applicable water districts will remit the debt service payments for their respective obligations to the County, who will then remit it to the bondholders. If a district does not pay, the County has the refunding obligations (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The reader should note that this debt issuance of the County is partially offset by the water district refunding obligations as detailed under the General Obligation Indebtedness and Installment Purchase Loans section.

The Water Districts are a blended component unit of the County. On the fund statements, the amounts owed to the County to make the payments for the LOBs are classified as "Due to the County" in the Water District Operating Fund, and as "Due from the Districts" in the County Water Fund. On the government-wide statements, these amounts are eliminated. Therefore, when Exhibit 1 debt totals are compared to the total debt in the notes, the amount will differ by the amount eliminated for this LOB debt. Of the total 2014 LOBs balance of \$37,180,000, \$32,145,000 is recorded as Due from the Districts and is eliminated in Exhibit 1.

Total Serviced by the Enterprise Funds	\$ 58,240,000
--	---------------

The Limited Obligation Bonds were budgeted by the Board to be recorded and presented in the Water Fund. Therefore the issuance and purchase of the District's bonds are presented in the Water Fund's budget and actual schedule and exhibits.

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Limited Obligation Bonds (continued)**

Annual debt service requirements to maturity for the County’s limited obligation bonds are as follows:

Year Ending June 30	Governmental Activities		Business Type Activities		Total	
	Principle	Interest	Principle	Interest	Principle	Interest
2020	\$ 4,381,000	\$ 1,667,922	\$ 2,250,000	\$ 2,609,275	\$ 6,631,000	\$ 4,277,197
2021	4,594,000	1,513,167	2,340,000	2,506,625	6,934,000	4,019,792
2022	4,142,000	1,361,584	2,445,000	2,399,825	6,587,000	3,761,409
2023	3,784,000	1,226,988	2,525,000	2,288,125	6,309,000	3,515,113
2024	3,757,000	1,097,148	2,330,000	2,170,125	6,087,000	3,267,273
2025-2029	15,283,000	3,624,004	13,490,000	9,031,550	28,773,000	12,655,554
2030-2034	7,255,000	1,479,600	16,515,000	5,574,225	23,770,000	7,053,825
2035-2039	4,350,000	261,000	16,345,000	1,924,769	20,695,000	2,185,769
	<u>\$ 47,546,000</u>	<u>\$ 12,231,413</u>	<u>\$ 58,240,000</u>	<u>\$ 28,504,519</u>	<u>\$ 105,786,000</u>	<u>\$ 40,735,932</u>

**Advance Refunding's**

On May 19, 2009 the County issued \$14,340,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$15,352,113. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$340,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$670,655 and resulted in an economic gain of \$461,301.

On May 12, 2010 the County issued \$54,735,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$59,639,774. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$805,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$2,775,199 and resulted in an economic gain of \$2,397,343.

On November 2, 2010 the County issued \$30,400,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$33,224,500. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,467,317. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$2,548,831 and resulted in an economic gain of \$2,447,206.

On November 9, 2010 the County issued \$28,245,000 of Limited Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$30,000,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$733,604. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 17 years by \$1,240,667 and resulted in an economic gain of \$1,317,528.

**Note 3 – Detail Notes on All Funds (continued)**

**8. Long-term obligations (continued)**

**Advance Refunding's (continued)**

On March 6, 2012 the County issued \$34,345,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$38,669,464. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$4,375,346. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by \$2,608,165 and resulted in an economic gain of \$2,559,324.

On July 15, 2013 the County issued \$26,365,000 of Limited Obligation current refunding bonds to provide resources to redeem an outstanding County installment financing contract and general obligation bonds of 9 County water districts. As a result, the refunded obligations are defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$582,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 25 years by \$4,810,278 and resulted in an economic gain of \$1,796,979.

On June 15, 2014, the County issued \$43,990,000 of Limited Obligation bonds to provide resources to redeem general obligation bonds of 6 County water districts, installment financing contracts of 8 County water districts, 2 County installment financing contracts and 6 County revolving loans. As a result, the refunded obligations are defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$3,059,474. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 25 years by \$12,235,346 and resulted in an economic gain of \$3,075,553.

On March 31, 2015, the County issued \$50,060,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$57,014,407. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$5,414,407. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 20 years by \$4,309,763 and resulted in an economic gain of \$3,330,818.

On May 17, 2016, the County issued \$11,925,000 of General Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$13,354,699. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,017,875. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 6 years by \$532,156 and resulted in an economic gain of \$510,698.

On April 5, 2017, the County issued \$20,741,000 of Limited Obligation bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$23,713,535. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the respective statements of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,671,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$982,038 and resulted in an economic gain of \$745,005.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed, only \$300,000 relates to assets the County holds title. There was no unspent restricted cash related to the Governmental Activities assets for which the County holds title.

Note 3 – Detail Notes on All Funds (continued)

8. Long-term obligations (continued)

**Long-Term Obligation Activity** - The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2019:

	Balance 7/1/2018	Increases	Decreases	Balance 6/30/2019	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 219,525,000	\$ 20,000,000	\$ 22,460,000	\$ 217,065,000	\$ 22,865,000
Unamortized bond premium	22,296,222	2,360,923	2,631,042	22,026,103	2,749,088
Direct placement installment purchase loans	1,034,862	-	734,862	300,000	300,000
Limited Obligation Bonds	51,804,000	-	4,258,000	47,546,000	4,381,000
Net Pension Liability	11,326,191	6,547,208	-	17,873,399	-
Total Pension Liability (LEOSSA)	3,582,285	-	15,717	3,566,568	-
Compensated Absences	3,508,832	3,154,274	2,806,390	3,856,716	1,556,185
Total OPEB Liability	133,819,006	19,626,862	-	153,445,868	-
Total governmental activities	\$ 446,896,398	\$ 51,689,267	\$ 32,906,011	\$ 465,679,654	\$ 31,851,273
<b>Business-type Activities:</b>					
General Obligation Debt	\$ 45,765,000	\$ -	\$ 1,310,000	\$ 44,455,000	\$ 1,375,000
Limited Obligation Bonds	60,410,000	-	2,170,000	58,240,000	2,250,000
Direct borrowing loans	34,372,903	2,820,972	2,903,342	34,290,533	2,988,066
Direct placement installment purchase loans	10,522,298	-	240,440	10,281,858	251,805
Other notes payable	34,754	-	2,313	32,441	2,405
Revenue Bonds	6,203,398	-	108,000	6,095,398	112,000
Unamortized Premium	3,592,238	-	243,314	3,348,924	243,314
Compensated absences	436,973	372,428	315,584	493,817	199,255
Net Pension Liability	1,330,166	768,914	-	2,099,080	-
Total OPEB Liability	17,582,395	2,578,761	-	20,161,156	-
Total business-type activities	\$ 180,250,125	\$ 6,541,075	\$ 7,292,993	\$ 179,498,207	\$ 7,421,845

Compensated absences for governmental activities typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that all employees are taking leave time as it is earned. Additionally, other post employment benefits and the net pension obligation are also liquidated by the general fund.

To assist in the reconciliation of Total Government-wide debt to the above note, we offer the following reconciliation:

	<u>Governmental</u>	<u>Business-Type</u>
Debt per Government-wide Statements	\$ 462,113,086	\$ 126,918,211
<b>Reconciling Items:</b>		
2013 LOBS that are eliminated in Exhibit 1	-	20,435,000
2014 LOBS that are eliminated in Exhibit 1	-	32,145,000
Reconciled Balance	\$ 462,113,086	\$ 179,498,211

**Conduit Debt Obligation** - Johnston County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from the payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were two series of industrial bonds outstanding with an aggregate principal amount payable of \$35,510,000.

**Note 3 – Detail Notes on All Funds (continued)**

**C. INTERFUND BALANCES AND ACTIVITIES**

**Receivables and Payables**

**Due from/to Other funds**

	From	To
General Fund	\$ 176,029	\$ 190,000
Special Revenue Funds		
Voluntary Ag District	-	164
Heritage Commission	14,210	
Capital Project Fund		
Industrial Infrastructure Fund	-	70,448
Enterprise Funds		
Administrative Fund	2,575	-
Solid Waste Fund		1,615,006
Water Fund	-	1,401,967
Wastewater Fund	590,601	-
Water District Operating Fund	2,494,246	-
<b>Total</b>	<b>\$ 3,277,661</b>	<b>\$ 3,277,661</b>

All interfund receivables and payables resulted from transfers used to supplement other funding sources.

**Transfers**

Transfers to/from other funds at June 30, 2019, consists of the following:

From the General fund to the Industrial Development fund to accumulate resources for the construction project.	\$ 5,516,000
From the General fund to the Solid Waste fund to provide additional resources for recycling operations.	400,000
From the General fund to the Heritage fund to provide additional resources for operations.	158,388
From the General fund to the Research Training fund to provide additional resources.	285,000
From the General fund to the Revaluation fund to accumulate resources for the revaluation of real property.	1,300,000
From the Courthouse Facilities Project Fund to the Public Safety Center Project Fund to provide resources for construction of a new detention center.	558,818
<b>Total - Governmental Funds</b>	<b>\$ 8,218,206</b>

**Note 3 – Detail Notes on All Funds (continued)**

**C. INTERFUND BALANCES AND ACTIVITIES**

**Transfers (continued)**

Enterprise Funds:

From the Solid Waste Fund to the Solid Waste Capital Project fund to provide resources for capital projects.	\$ 107,450
From the Water District Fund to the Water Fund for debt service.	1,863,447
From the Water Fund to the Water Capital Project fund to provide resources for capital projects.	457,058
From the Water District Fund to the Water District Capital Projects fund to provide resources for capital projects.	260,158
From the Wastewater Capital Project fund to the Wastewater fund to close out projects (remaining funds not spent).	3,909
From the Wastewater Fund to the Wastewater Capital Project fund to provide resources for capital projects.	2,639,460
From the Water District Fund to the Water District System Development Fee Capital Reserve fund to accumulate resources for capital projects and/or debt service.	1,886,700
From the Wastewater Fund to the Wastewater System Development Fee Capital Reserve fund to accumulate resources for capital projects and/or debt service.	2,590,560
From the Wastewater System Development Fee Capital Reserve to the Wastewater Capital Projects fund to provide resources for capital projects.	<u>550,000</u>
Total Enterprise Funds	<u>\$ 10,358,742</u>
Total	<u><u>\$ 18,576,948</u></u>

**D. NET INVESTMENT IN CAPITAL ASSETS**

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 59,502,912	\$ 210,361,206
less: long-term debt (related to County assets)	(300,000)	(156,744,152)
add: Due from Water Districts (LOBs)	-	52,580,000
add: unexpended debt proceeds (related to County assets)	-	-
Net investment in capital assets	<u>\$ 59,202,912</u>	<u>\$ 106,197,054</u>



**Note 3 – Detail Notes on All Funds (continued)**

**E. FUND BALANCE**

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

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

Total fund balance - General Fund	\$ 84,084,063
As percentage of budgeted expenditures	35.65%
As percentage of actual expenditures	37.92%
Less:	
Nonspendable items (Inventories, Prepaids)	-
Stabilization by State Statute	<u>19,499,334</u>
Legally available fund balance	64,584,729
As percentage of budgeted expenditures	27.38%
As percentage of actual expenditures	29.12%
Commitments and Assignments	
Appropriated Fund Balance in 2020 Budget	\$ 4,103,745
Mental Health Programs	350,000
Automation Enhancement	586,165
Public safety	1,047,740
LEO Separation Allowance	1,550,650
Tax Revaluation	780,504
Capital purchases (fee in lieu)	<u>764,815</u>
Total Committed and Assigned Fund Balance	9,183,619
Working Capital / Fund Balance Policy (15% of Budgeted Expenditures)	33,264,092
Remaining Fund Balance	\$ 31,320,637

The County currently has an available fund balance of 29.12% of general fund expenditures, while total fund balance represents 37.82% of that same amount. Per their policy, the County Board may, from time-to-time, utilize fund balances that will reduce legally available fund balances below the 15% policy for the purposes of a declared fiscal emergency, financial opportunity to enhance the well-being of Johnston County or other such global purpose as to protect the long-term fiscal security of Johnston County. In such circumstances, after legally available fund balances have been calculated as part of closing-out a fiscal year, the Board will adopt a plan as part of the following year's budget process to restore the legally available fund balances to the policy level within 36 months from the date of the budget adoption. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Board will establish a different but appropriate time period.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General fund had \$1,039,280 in outstanding encumbrances at June 30, 2019.

**Note 4 – Joint ventures**

The County, in conjunction with the State of North Carolina and the Johnston County Board of Education, participates in a joint venture to operate the Johnston Community College (the "Community College"). The County appoints four members to the Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$5,096,425 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2019. Financial statements for Johnston Community College can be obtained by contacting the Controller at P.O. Box 2350, Smithfield, NC 27577.

Alliance Behavioral Healthcare is subcontracting with Johnston County to perform certain PIHP and LME functions as permitted by state and federal law and regulations and the MCO Waiver Contract. Subcontracted services will include care coordination and maintaining a local presence in Johnston County and providing an understanding of the complexities of the providers, consumers, and other stakeholders in each County. This agreement became effective in January 2013. Operations that were performed by Johnston County Mental Health Authority (a blended component unit of the County) are now shared between Alliance Behavioral Healthcare and the Johnston County Health Department. The Mental Health Authority still exists, but merely acts as a contractor to perform mental health services.

**Note 5 – Jointly governed organization**

The County, in conjunction with other counties and municipalities, established the Triangle J Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$85,147 to the Council during the fiscal year ended June 30, 2019.

**Note 6 – Summary disclosure of significant contingencies**

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

**Note 7 – Additional Disclosures Concerning Water District Presentation (Exhibits E-1, E-2)**

USDA has requested that each water district within the County be presented separately as opposed to being consolidated into one Water District Operating Fund. However, the County did not have each of the District's separated out into individual funds, so adequate information was not available to provide separate schedules for each district. In addition, there was no separate budget prepared for each water district. In consultation with the Local Government Commission and USDA, the County has decided not to report these Water Districts in separate funds at this time, but rather to break the districts out based on usage and other measures agreed upon by all parties involved. Per USDA's request, the County prepared separate balance sheets and revenue and expenditure schedules for each water district based on the following: On the individual Balance Sheets, the amounts for Restricted Cash, Capital Assets, Accrued Interest, and Debt are based on USDA reserve requirement, Capital Asset Schedules, and Debt Schedules, so these numbers are properly reflected for each district. However, the remaining balance sheet items are allocated based on a proportionate rate determined by the Finance Staff and allocated across the districts based on that proportionate rate. On the Schedule of Revenues and Expenditures, Depreciation Expense and Interest Expense, as well as the prior period adjustment amount, are based on the Capital Asset Schedules and Debt Schedules. In addition, the grant amounts (capital contributions) are properly reflected in the district for which the grant was received. However, the remaining information was allocated based on the proportionate percentage determined by the Finance Staff.

**Note 8 - Subsequent Events**

In preparing these financial statements, the County has evaluated events and transactions for potential recognition or disclosure through January 22, 2020, the date the financial statements were available to be issued.

**REQUIRED  
SUPPLEMENTAL FINANCIAL DATA**

---

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

---

- Schedule of County's Proportionate Share of Net Pension Liability (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- Schedule of County Contributions (ROD)
- Schedule of Changes in Total Pension Liability - LEOSSA
- Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA

**Johnston County, North Carolina**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years\***

<b>Local Government Employees' Retirement System</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.84189%	0.82845%	0.80080%	0.77943%	0.76341%	0.74464%
County's proportion of the net pension liability (asset) (\$)	\$19,972,479	\$12,656,356	\$16,995,622	\$ 3,498,044	\$ (4,502,181)	\$ 8,975,802
County's covered payroll	\$51,670,989	\$48,033,625	\$45,263,609	\$43,014,900	\$41,675,559	\$37,262,029
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.65%	26.35%	37.55%	8.13%	-10.80%	24.09%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Johnston County, North Carolina**  
**Schedule of County Contributions**  
**Local Government Employees' Retirement System**  
**Last Six Fiscal Years**

<b>Local Government Employees' Retirement System</b>						
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 4,399,528	\$ 3,914,648	\$ 3,552,781	\$ 3,066,176	\$ 3,045,991	\$ 2,924,553
Contributions in relation to the contractually required contribution	4,399,528	3,914,648	3,552,781	3,066,176	3,045,991	2,924,553
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 55,209,509	\$ 51,670,989	\$ 48,033,625	\$ 45,263,609	\$ 43,014,900	\$ 41,675,559
Contributions as a percentage of covered payroll	7.97%	7.58%	7.40%	6.77%	7.08%	7.02%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Johnston County, North Carolina**  
**Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportionate share of the net pension liability (%)	2.1887%	2.1564%	1.9846%	1.8983%	1.9272%	1.8320%
County's proportionate share of the net pension liability (\$)	\$ (362,514)	\$ (368,073)	\$ (371,050)	\$ (439,912)	\$ (436,817)	\$ (391,260)
County's covered payroll	\$ 86,723	\$ 83,770	\$ 81,461	\$ 79,679	\$ 77,973	\$ 76,453
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-418.01%	-439.39%	-455.49%	-552.11%	-560.22%	-511.77%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

\* The amounts presented for the fiscal year were determined as of June 30.

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Johnston County, North Carolina**  
**Schedule of County Contributions**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Six Fiscal Years\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's required contribution	\$ 7,216	\$ 6,556	\$ 6,132	\$ 5,490	\$ 5,633	\$ 5,513
Contributions in relation to contractually required contribution	7,216	6,556	6,132	5,490	5,633	5,513
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 92,518	\$ 86,723	\$ 83,770	\$ 81,461	\$ 79,679	\$ 77,973
Contributions as a percentage of covered payroll	7.80%	7.56%	7.32%	6.74%	7.07%	7.07%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**Johnston County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2019**

---

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 3,582,285	\$ 3,242,459	\$ 3,240,517
Service cost	171,268	141,680	143,181
Interest on the total pension liability	110,100	121,711	112,605
Change in benefit terms	-	-	-
Difference between expected and actuarial experience in the measurement of the total pension liability	44,449	33,971	-
Changes of assumptions and other inputs	(145,334)	221,095	(81,216)
Benefit payments	(196,200)	(178,631)	(172,628)
Other changes	-	-	-
Ending balance of total pension liability	<u>\$ 3,566,568</u>	<u>\$ 3,582,285</u>	<u>\$ 3,242,459</u>

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Johnston County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2019**

---

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 3,566,568	\$ 3,582,285	\$ 3,242,459
Covered payroll	\$ 5,907,408	\$ 5,535,741	\$ 5,298,253
Total pension liability as a percentage of covered payroll	60.37%	64.71%	61.20%

**Notes to the schedules:**

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

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Johnston County, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2019**

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service cost	\$ 4,226,774	\$ 4,859,492
Interest	5,329,180	4,810,431
Differences between expected and actual experience	24,291,757	475,841
Changes of assumptions	(8,203,041)	(17,064,651)
Benefit payments	(3,439,077)	(2,969,365)
<b>Net change in total OPEB liability</b>	<u>22,205,593</u>	<u>(9,888,252)</u>
<b>Total OPEB liability - beginning</b>	<u>151,401,401</u>	<u>161,289,653</u>
<b>Total OPEB liability - ending</b>	<u>\$ 173,606,994</u>	<u>\$ 151,401,401</u>
<b>Covered payroll</b>	\$ 23,838,316	\$ 26,077,050
<b>Total OPEB liability as a percentage of covered payroll</b>	728.27%	580.59%

## **GENERAL FUND**

---

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

---

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Ad Valorem taxes			
Taxes	\$ 131,832,762	\$ 132,653,268	\$ 820,506
Penalties and interest	280,000	281,072	1,072
Total	<u>\$ 132,112,762</u>	<u>\$ 132,934,340</u>	<u>\$ 821,578</u>
Local option sales tax			
Article 39 one percent	\$ 16,477,949	\$ 18,062,811	\$ 1,584,862
Article 40 one - half of one percent	12,090,000	12,686,582	596,582
Article 42 one - half of one percent	12,493,000	10,533,686	(1,959,314)
Third one - half cent sales tax	2,350,000	5,838,355	3,488,355
Total	<u>\$ 43,410,949</u>	<u>\$ 47,121,434</u>	<u>\$ 3,710,485</u>
Other taxes and licenses			
Privilege licenses	\$ -	\$ -	\$ -
Other licenses and taxes	45,000	-	(45,000)
Total	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ (45,000)</u>
Unrestricted intergovernmental			
Beer and wine tax	\$ 600,000	\$ 603,352	\$ 3,352
ABC Distribution	1,000,000	1,087,500	87,500
Food stamp fraud refunds	60,000	45,631	(14,369)
CSC Interest on Accounts	6,000	494	(5,506)
Miscellaneous tax income	21,000	7,394	(13,606)
ABC 5 Cents per bottle	-	54,556	54,556
Total	<u>\$ 1,687,000</u>	<u>\$ 1,798,927</u>	<u>\$ 111,927</u>
Restricted intergovernmental			
State grants	\$ 1,971,139	\$ 1,762,039	\$ (209,100)
State grants - Mental health	59,494	83,953	24,459
Federal grants	22,002,331	19,477,387	(2,524,944)
Other grants	100,878	110,818	9,940
NC Education Lottery Proceeds	2,300,000	2,538,000	238,000
Safety Officer Reimbursement	595,247	595,247	-
ABC Revenue for Deputy	45,000	60,495	15,495
Federal Equitable Sharing	184,226	123,736	(60,490)
Controlled substances	26,944	27,573	629
Court Facilities fees	376,000	383,095	7,095
Links Special Fund	24,000	7,653	(16,347)
MCO Agreement - Mental Health	-	175	175
Total	<u>\$ 27,685,259</u>	<u>\$ 25,170,171</u>	<u>\$ (2,515,088)</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		
	Budget	Actual	Variance Positive (Negative)
Permits and fees			
Inspection fees	\$ 2,850,000	\$ 3,406,413	\$ 556,413
Fire inspection fees	-	-	-
Register of deeds	4,451,173	4,862,946	411,773
Election fees	60,000	10	(59,990)
Cable franchise fees	500,000	447,628	(52,372)
Verisign User Fees	40,000	42,348	2,348
Emergency Management	1,038,000	1,357,973	319,973
Environmental fees	560,000	816,619	256,619
Subdivision and Zoning Fees	230,350	317,818	87,468
Fee in Lieu of Open Space	-	192,050	192,050
Arrest Fees	48,000	73,158	25,158
Sheriff Fees	317,540	316,906	(634)
Concealed Weapons Permit	125,000	147,870	22,870
Conservation Match	40,000	42,699	2,699
Civil Licenses Revocation and Penalties	25,000	15,314	(9,686)
2% Commission on Taxes	475,000	510,454	35,454
Total	<u>\$ 10,760,063</u>	<u>\$ 12,550,206</u>	<u>\$ 1,790,143</u>
Sales and services			
Rental income	\$ 146,820	\$ 159,089	\$ 12,269
Interagencies	501,068	551,514	50,446
Legal Fees	56,000	11,569	(44,431)
GIS Map Sales	2,000	1,935	(65)
Jail fees	100,000	81,393	(18,607)
Adult Probation	-	2,373	2,373
Housing Assistance	-	4,088	4,088
Mental health	518,750	56,747	(462,003)
Gasoline	913,400	775,714	(137,686)
Public Utilities	250,000	150,000	(100,000)
Animal Control	50,000	45,412	(4,588)
Insurance recovery	73,499	113,970	40,471
Health Services	4,362,107	3,597,116	(764,991)
Reimbursement - jail canteen	45,000	63,989	18,989
Reimbursement for lockup - jail	30,000	117,585	87,585
Rescue Squad Billings	4,009,000	5,156,082	1,147,082
Sale of capital assets & unclaimed property	167,515	173,830	6,315
Miscellaneous sales / revenues	85,000	97,714	12,714
Total	<u>\$ 11,310,159</u>	<u>\$ 11,160,120</u>	<u>\$ (150,039)</u>
Investment earnings	\$ 240,000	\$ 1,026,685	\$ 786,685
Investment earnings - Mental Health	-	177	177
Investment earnings - LEO	32,010	32,010	-
Total	<u>\$ 272,010</u>	<u>\$ 1,058,872</u>	<u>\$ 786,862</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Miscellaneous:			
Mental health	\$ -	\$ -	\$ -
Other	1,015,140	307,653	(707,487)
Total	<u>\$ 1,015,140</u>	<u>\$ 307,653</u>	<u>\$ (707,487)</u>
Total revenues	<u>\$ 228,298,342</u>	<u>\$ 232,101,723</u>	<u>\$ 3,803,381</u>
<b>Expenditures</b>			
<b>General Government:</b>			
Governing body:			
Salaries and employee benefits	\$ 179,118	\$ 179,071	\$ 47
Other operating expenditures	74,661	74,045	616
Total	<u>\$ 253,779</u>	<u>\$ 253,116</u>	<u>\$ 663</u>
Telephone system operations:			
Operating expenditures	\$ 823,526	\$ 774,665	\$ 48,861
Capital outlay	-	-	-
Total	<u>\$ 823,526</u>	<u>\$ 774,665</u>	<u>\$ 48,861</u>
Administration and finance:			
Salaries and employee benefits	\$ 1,230,077	\$ 1,228,154	\$ 1,923
Other operating expenditures	112,484	108,004	4,480
Professional services	97,949	97,949	-
Total	<u>\$ 1,440,510</u>	<u>\$ 1,434,107</u>	<u>\$ 6,403</u>
Elections:			
Salaries and employee benefits	\$ 410,117	\$ 381,003	\$ 29,114
Other operating expenditures	369,922	320,458	49,464
Capital outlay	-	-	-
Total	<u>\$ 780,039</u>	<u>\$ 701,461</u>	<u>\$ 78,578</u>
Human Resources:			
Salaries and employee benefits	\$ 956,681	\$ 947,565	\$ 9,116
Other operating expenditures	144,443	112,442	32,001
Capital outlay	5,000	5,000	-
Total	<u>\$ 1,106,124</u>	<u>\$ 1,065,007</u>	<u>\$ 41,117</u>
Taxes:			
Salaries and employee benefits	\$ 1,954,644	\$ 1,705,517	\$ 249,127
Other operating expenditures	802,584	546,478	256,106
Tax audits	139,000	2,995	136,005
Professional services	160,000	78,946	81,054
Capital outlay	29,624	61,036	(31,412)
Total	<u>\$ 3,085,852</u>	<u>\$ 2,394,972</u>	<u>\$ 690,880</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Legal:</b>			
Salaries and employee benefits	\$ 240,030	\$ 239,435	\$ 595
Professional services	15,000	8,243	6,757
Other operating expenditures	13,790	8,859	4,931
Contracted Services	180,000	138,512	41,488
<b>Total</b>	<b>\$ 448,820</b>	<b>\$ 395,049</b>	<b>\$ 53,771</b>
<b>Court facilities:</b>			
Salaries and employee benefits	\$ -	\$ -	\$ -
Other operating expenditures	30,597	12,063	18,534
<b>Total</b>	<b>\$ 30,597</b>	<b>\$ 12,063</b>	<b>\$ 18,534</b>
<b>Register of deeds:</b>			
Salaries and employee benefits	\$ 707,855	\$ 698,641	\$ 9,214
Other operating expenditures	428,336	352,364	75,972
Conveyance excise tax	1,832,000	1,767,144	64,856
Domestic violence center fund	37,000	35,760	1,240
Children's fund	6,500	5,960	540
<b>Total</b>	<b>\$ 3,011,691</b>	<b>\$ 2,859,869</b>	<b>\$ 151,822</b>
<b>Technology services:</b>			
Salaries and employee benefits	\$ 1,353,250	\$ 1,344,775	\$ 8,475
Other operating expenditures	544,066	422,705	121,361
Capital outlay	-	-	-
<b>Total</b>	<b>\$ 1,897,316</b>	<b>\$ 1,767,480</b>	<b>\$ 129,836</b>
<b>Public Buildings / Housekeeping:</b>			
Salaries and employee benefits	\$ 1,264,925	\$ 1,239,291	\$ 25,634
Other operating expenditures	750,833	487,321	263,512
Capital outlay	940,000	826,914	113,086
<b>Total</b>	<b>\$ 2,955,758</b>	<b>\$ 2,553,526</b>	<b>\$ 402,232</b>
<b>Nondepartmental:</b>			
Salaries and employee benefits	\$ 1,777,403	\$ 1,537,683	\$ 239,720
Professional services	145,000	51,788	93,212
Other operating expenditures	1,670,832	1,572,816	98,016
Insurance and bonds	1,117,019	1,116,806	213
Capital outlay	57,834	57,834	-
<b>Total</b>	<b>\$ 4,768,088</b>	<b>\$ 4,336,927</b>	<b>\$ 431,161</b>
<b>Total General Government</b>	<b>\$ 20,602,100</b>	<b>\$ 18,548,242</b>	<b>\$ 2,053,858</b>
<b>Public safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	\$ 10,536,909	\$ 10,336,377	\$ 200,532
Professional services	49,208	44,712	4,496
Other operating expenditures	1,336,587	1,309,136	27,451
Capital outlay	1,525,372	736,643	788,729
<b>Total</b>	<b>\$ 13,448,076</b>	<b>\$ 12,426,868</b>	<b>\$ 1,021,208</b>



**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>LEO Separation</b>			
Salaries and employee benefits	\$ 285,388	\$ 285,387	\$ 1
Total	<u>\$ 285,388</u>	<u>\$ 285,387</u>	<u>\$ 1</u>
<b>Jail:</b>			
Salaries and employee benefits	\$ 3,913,733	\$ 3,285,331	\$ 628,402
Professional services	488,000	486,335	1,665
Other operating expenditures	1,868,661	1,374,868	493,793
SCAAP Expenditures	14,753	739	14,014
Capital outlay	50,700	58,600	(7,900)
Total	<u>\$ 6,335,847</u>	<u>\$ 5,205,873</u>	<u>\$ 1,129,974</u>
<b>Communications:</b>			
Salaries and employee benefits	\$ 2,529,076	\$ 2,521,032	\$ 8,044
Other operating expenditures	380,822	345,550	35,272
Capital outlay	107,351	144,445	(37,094)
Total	<u>\$ 3,017,249</u>	<u>\$ 3,011,027</u>	<u>\$ 6,222</u>
<b>Volunteer fire and rescue:</b>			
Salaries and employee benefits	\$ 535,470	\$ 432,858	\$ 102,612
Other operating expenditures	440,961	414,139	26,822
Capital outlay	17,089	22,208	(5,119)
Total	<u>\$ 993,520</u>	<u>\$ 869,205</u>	<u>\$ 124,315</u>
<b>Child support:</b>			
Salaries and employee benefits	\$ 1,440,674	\$ 1,423,897	\$ 16,777
Professional services	60,000	47,438	12,562
Other operating expenditures	280,957	232,952	48,005
Total	<u>\$ 1,781,631</u>	<u>\$ 1,704,287</u>	<u>\$ 77,344</u>
<b>Animal control:</b>			
Salaries and employee benefits	\$ 587,752	\$ 587,170	\$ 582
Professional services	1,900	-	1,900
Other operating expenditures	234,225	171,514	62,711
Capital outlay	40,000	31,224	8,776
Total	<u>\$ 863,877</u>	<u>\$ 789,908</u>	<u>\$ 73,969</u>
<b>Coroner:</b>			
Professional services	\$ 102,000	\$ 79,150	\$ 22,850
Total	<u>\$ 102,000</u>	<u>\$ 79,150</u>	<u>\$ 22,850</u>
<b>Emergency management:</b>			
Salaries and employee benefits	\$ 525,290	\$ 510,282	\$ 15,008
Other operating expenditures	258,962	214,255	44,707
Capital outlay	117,623	122,976	(5,353)
Total	<u>\$ 901,875</u>	<u>\$ 847,513</u>	<u>\$ 54,362</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Inspections:</b>			
Salaries and employee benefits	\$ 1,865,482	\$ 1,788,360	\$ 77,122
Other operating expenditures	533,211	304,363	228,848
Capital Outlay	50,000	-	50,000
Total	<u>\$ 2,448,693</u>	<u>\$ 2,092,723</u>	<u>\$ 355,970</u>
<b>Emergency medical service (EMS):</b>			
Salaries and employee benefits	\$ 11,609,229	\$ 11,598,517	\$ 10,712
Other operating expenditures	2,932,817	2,741,335	191,482
Capital outlay	1,474,300	1,468,778	5,522
Total	<u>\$ 16,016,346</u>	<u>\$ 15,808,630</u>	<u>\$ 207,716</u>
<b>Hurricane Expenses:</b>			
Salaries and employee benefits	\$ 188,570	\$ 188,566	\$ 4
Other operating expenditures	495,839	583,019	(87,180)
Total	<u>\$ 684,409</u>	<u>\$ 771,585</u>	<u>\$ (87,176)</u>
Total public safety	<u>\$ 46,878,911</u>	<u>\$ 43,892,156</u>	<u>\$ 2,986,755</u>
<b>Economic and Physical Development:</b>			
<b>Planning:</b>			
Salaries and employee benefits	\$ 411,765	\$ 384,606	\$ 27,159
Other operating expenditures	80,689	50,871	29,818
Total	<u>\$ 492,454</u>	<u>\$ 435,477</u>	<u>\$ 56,977</u>
<b>Cooperative extension:</b>			
Salaries and employee benefits	\$ 527,827	\$ 524,918	\$ 2,909
Other operating expenditures	91,512	75,548	15,964
Capital Outlay	24,400	12,195	12,205
Total	<u>\$ 643,739</u>	<u>\$ 612,661</u>	<u>\$ 31,078</u>
<b>Soil conservation:</b>			
Salaries and employee benefits	\$ 302,206	\$ 274,059	\$ 28,147
Other operating expenditures	25,562	18,503	7,059
Total	<u>\$ 327,768</u>	<u>\$ 292,562</u>	<u>\$ 35,206</u>
<b>Livestock arena:</b>			
Other operating expenditures	\$ 25,598	\$ 20,525	\$ 5,073
Capital outlay	-	-	-
Total	<u>\$ 25,598</u>	<u>\$ 20,525</u>	<u>\$ 5,073</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Special appropriations:			
NC Forest Service	\$ 116,360	\$ 115,984	\$ 376
Community and Senior Services	234,062	234,062	-
Triangle J Council of Government	85,147	85,147	-
Institute of Government	23,929	23,929	-
Beaver control	4,000	4,000	-
Harbor, Inc.	25,000	25,000	-
Johnston County Arts Council	10,000	10,000	-
Johnston County Area Transit	244,434	244,434	-
Upper Coastal Plain COG	9,669	9,669	-
JCATS ROAP Grant	258,948	262,415	(3,467)
Office of Juvenile Justice	39,000	39,000	-
Jo. Co. Juvenile Crime Prevention	3,600	3,600	-
Jo. Co. Youth Services	203,536	203,536	-
NC 70 Project	25,000	25,000	-
Health Choices, Health Relation	25,970	25,970	-
Preparing to Soar Teen Court	40,000	40,000	-
Open Space Expense	220,000	35,385	184,615
NC Rural Infrastructure Grant	-	-	-
Boys and Girls Club	25,000	25,000	-
Smithfield Rescue Mission	21,000	21,000	-
Revitalization & Econ Dev Grant	20,249	2,025	18,224
JC Partnership for Children	25,000	25,000	-
Mental Health Alliance	263,428	263,427	1
Total	<u>\$ 1,923,332</u>	<u>\$ 1,723,583</u>	<u>\$ 199,749</u>
Industrial development:			
Salaries and employee benefits	\$ 200,560	\$ 199,679	\$ 881
Professional Services	125,000	118,676	6,324
Other operating expenditures	181,613	138,259	43,354
Capital outlay	3,000	-	3,000
Total	<u>\$ 510,173</u>	<u>\$ 456,614</u>	<u>\$ 53,559</u>
Airport (Component Unit)	<u>\$ 71,326</u>	<u>\$ 66,668</u>	<u>\$ (4,658)</u>
Total Economic and Physical Development	<u>\$ 3,994,390</u>	<u>\$ 3,608,090</u>	<u>\$ 376,984</u>
<b>Human Services:</b>			
Health:			
Administration:			
Salaries and employee benefits	\$ 1,084,304	\$ 1,076,458	\$ 7,846
Professional Services	5,175	4,785	390
Other operating expenditures	74,590	66,360	8,230
Capital outlay	150	-	150
Total	<u>\$ 1,164,219</u>	<u>\$ 1,147,603</u>	<u>\$ 16,616</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Epidemiology:</b>			
Salaries and employee benefits	\$ 522,694	\$ 462,505	\$ 60,189
Professional Services	2,350	1,789	561
Other operating expenditures	269,016	224,649	44,367
Capital outlay	5,000	-	5,000
Total	<u>\$ 799,060</u>	<u>\$ 688,943</u>	<u>\$ 110,117</u>
<b>Family Planning:</b>			
Salaries and employee benefits	\$ 527,230	\$ 524,736	\$ 2,494
Professional services	1,150	861	289
Other operating expenditures	308,108	149,383	158,725
Capital outlay	17,408	15,639	1,769
Total	<u>\$ 853,896</u>	<u>\$ 690,619</u>	<u>\$ 163,277</u>
<b>Maternal and child:</b>			
Salaries and employee benefits	\$ 3,119,156	\$ 2,950,036	\$ 169,120
Professional services	29,800	25,832	3,968
Other operating expenditures	1,510,205	305,382	1,204,823
School health	110,886	106,361	4,525
Capital outlay	133,013	127,226	5,787
Total	<u>\$ 4,903,060</u>	<u>\$ 3,514,837</u>	<u>\$ 1,388,223</u>
<b>Wellness center:</b>			
Salaries and employee benefits	\$ 183,408	\$ 174,768	\$ 8,640
Other operating expenditures	991,650	63,561	928,089
Capital outlay	500	-	500
Total	<u>\$ 1,175,558</u>	<u>\$ 238,329</u>	<u>\$ 937,229</u>
<b>Women, infants and children:</b>			
Salaries and employee benefits	\$ 868,239	\$ 812,442	\$ 55,797
Other operating expenditures	118,263	100,868	17,395
Capital outlay	1,470	-	1,470
Total	<u>\$ 987,972</u>	<u>\$ 913,310</u>	<u>\$ 74,662</u>
<b>Adult health:</b>			
Salaries and employee benefits	\$ 1,395,932	\$ 1,192,051	\$ 203,881
Professional services	30,000	17,557	12,443
Other operating expenditures	664,415	304,836	359,579
Capital outlay	34,309	29,550	4,759
Total	<u>\$ 2,124,656</u>	<u>\$ 1,543,994</u>	<u>\$ 580,662</u>
<b>Environmental health:</b>			
Salaries and employee benefits	\$ 1,333,860	\$ 1,299,901	\$ 33,959
Other operating expenditures	181,470	193,353	(11,883)
Mosquito Abatement	500,118	500,118	-
Capital Outlay	-	-	-
Total	<u>\$ 2,015,448</u>	<u>\$ 1,993,372</u>	<u>\$ 22,076</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Mental Health - Outpatient			
Salaries and employee benefits	\$ 2,204,144	\$ 1,918,074	\$ 286,070
Other operating expenditures	1,090,363	888,237	202,126
Capital Outlay	45,418	-	45,418
Total	<u>\$ 3,339,925</u>	<u>\$ 2,806,311</u>	<u>\$ 533,614</u>
Total Health	<u>\$ 17,363,794</u>	<u>\$ 13,537,318</u>	<u>\$ 3,826,476</u>
Social services:			
Administration:			
Salaries and employee benefits	\$ 16,676,722	\$ 16,093,105	\$ 583,617
Professional services	312,000	291,800	20,200
Other operating expenditures	2,558,507	1,921,460	637,047
Capital outlay	-	-	-
Total	<u>\$ 19,547,229</u>	<u>\$ 18,306,365</u>	<u>\$ 1,240,864</u>
Building maintenance:			
Salaries and employee benefits	\$ 152,163	\$ 145,159	\$ 7,004
Other operating expenditures	361,396	315,918	45,478
Capital outlay	515,950	353,182	162,768
Total	<u>\$ 1,029,509</u>	<u>\$ 814,259</u>	<u>\$ 215,250</u>
Public assistance:			
AFDC program			
County participation only	<u>\$ 2,618,180</u>	<u>\$ 2,226,316</u>	<u>\$ 391,864</u>
Adult Transportation:			
Operating expenditures	\$ 319,885	\$ 203,193	\$ 116,692
Capital outlay	-	-	-
Total	<u>\$ 319,885</u>	<u>\$ 203,193</u>	<u>\$ 116,692</u>
Child day care:			
Contracted services	<u>\$ 153,050</u>	<u>\$ -</u>	<u>\$ 153,050</u>
Crisis assistance:			
Operating expenditures	<u>\$ 1,552,002</u>	<u>\$ 1,273,449</u>	<u>\$ 278,553</u>

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Public Assistance SF:			
Operating Expenditures	\$ 1,655,222	\$ 1,529,074	\$ 126,148
Work First Program			
Salaries and employee benefits	\$ 297,880	\$ 289,925	\$ 7,955
Operating expenditures	1,631,325	331,502	1,299,823
Total	\$ 1,929,205	\$ 621,427	\$ 1,307,778
Community alternative programs for disabled adults:			
Salaries and employee benefits	\$ 196,265	\$ 178,749	\$ 17,516
Operating expenditures	40,000	18,759	21,241
Total	\$ 236,265	\$ 197,508	\$ 38,757
Therapeutic Foster Care Service			
Operating expenditures	\$ 5,000	\$ -	\$ 5,000
Aging:			
Operating expenditures	\$ 1,230,221	\$ 1,145,921	\$ 84,300
Total Social Services	\$ 30,275,768	\$ 26,317,512	\$ 3,958,256
Veterans services:			
Salaries and employee benefits	\$ 150,778	\$ 150,562	\$ 216
Other operating expenditures	23,103	13,987	9,116
Total	\$ 173,881	\$ 164,549	\$ 9,332
Total Human Services	\$ 47,813,443	\$ 40,019,379	\$ 7,794,064
Cultural and recreational:			
Libraries:			
Assistance to local libraries	\$ 480,500	\$ 480,500	\$ -
Total cultural and recreational	\$ 480,500	\$ 480,500	\$ -
Education:			
Public schools	\$ 65,063,852	\$ 65,063,852	\$ -
Community colleges	5,096,425	5,096,425	-
School Fees	-	-	-
Total Education	\$ 70,160,277	\$ 70,160,277	\$ -

**Johnston County, North Carolina**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Debt service:			
Principal retirement	\$ 27,453,600	\$ 27,452,862	\$ 738
Interest and fees	10,558,123	10,551,643	6,480
Total debt service	<u>\$ 38,011,723</u>	<u>\$ 38,004,505</u>	<u>\$ 7,218</u>
Total expenditures	<u>\$ 227,941,344</u>	<u>\$ 214,713,149</u>	<u>\$ 13,218,879</u>
Revenue over (under) expenditures	<u>\$ 356,998</u>	<u>\$ 17,388,574</u>	<u>\$ 17,031,576</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to other funds:			
Revaluation fund	\$ (1,300,000)	\$ (1,300,000)	-
Heritage commission fund	(158,388)	(158,388)	-
Industrial development fund	(5,766,000)	(5,516,000)	250,000
RTZ	(285,000)	(285,000)	-
Transfers to Solid Waste	(400,000)	(400,000)	-
Housing Authority	-	-	-
Total	<u>\$ (7,909,388)</u>	<u>\$ (7,659,388)</u>	<u>\$ 250,000</u>
Transfers from other funds:			
School bond fund	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Appropriated fund balance			
Fund balance - Non-departmental	\$ 7,324,012	\$ -	\$ (7,324,012)
Fund balance - Reserved for Open Space	185,000	-	(185,000)
Fund balance - LEO	43,378	-	(43,378)
Total appropriated fund balance	<u>\$ 7,552,390</u>	<u>\$ -</u>	<u>\$ (7,552,390)</u>
Installment Purchase Proceeds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ (356,998)</u>	<u>\$ (7,659,388)</u>	<u>\$ (7,302,390)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>9,729,186</u>	<u><u>9,729,186</u></u>
Fund balance, beginning		73,574,373	
Prior Period Adjustment		-	
Fund balance, ending		<u><u>\$ 83,303,559</u></u>	

**Johnston County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Investment earnings	\$ -	\$ 21,912	\$ 21,912
Total Revenues	<u>-</u>	<u>21,912</u>	<u>21,912</u>
<b>Expenditures</b>			
General Government			
Salaries & Benefits	\$ 30,000	\$ 7,370	\$ 22,630
Operating expenses	1,270,000	680,704	589,296
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,300,000</u>	<u>688,074</u>	<u>611,926</u>
Revenues over expenditures	\$ <u>(1,300,000)</u>	\$ <u>(666,162)</u>	\$ <u>633,838</u>
Other financing sources (uses):			
Appropriated fund balance	\$ -	\$ -	\$ -
Transfers from general fund	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Total other financing sources	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u><u>-</u></u>	633,838	\$ <u><u>633,838</u></u>
Fund balance, beginning		<u>146,666</u>	
Fund balance, ending		<u><u>\$ 780,504</u></u>	



**Johnston County, North Carolina**  
**Capital Projects Fund - School Bond Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Current Year	Closed out Projects	Total To Date	Variance Positive (Negative)
<b>Revenues</b>						
Investment earnings	\$ 200,000	\$ 484,122	\$ 174,838	\$ (55,726)	\$ 603,234	\$ 403,234
Sales tax refunds	843,571	836,572	345,998	(338,999)	843,571	-
Total revenues	<u>1,043,571</u>	<u>1,320,694</u>	<u>520,836</u>	<u>(394,725)</u>	<u>1,446,805</u>	<u>403,234</u>
<b>Expenditures</b>						
Intergovernmental:						
Education - Community College	6,500,000	3,023,112	1,714,644	-	4,737,756	1,762,244
County schools	72,243,571	62,003,157	9,245,249	(18,553,127)	52,695,279	19,548,292
Lottery Projects	-	-	-	-	-	-
Total	<u>78,743,571</u>	<u>65,026,269</u>	<u>10,959,893</u>	<u>(18,553,127)</u>	<u>57,433,035</u>	<u>21,310,536</u>
Total Expenditures	<u>78,743,571</u>	<u>65,026,269</u>	<u>10,959,893</u>	<u>(18,553,127)</u>	<u>57,433,035</u>	<u>21,310,536</u>
Revenue over (under) expenditures	\$ <u>(77,700,000)</u>	\$ <u>(63,705,575)</u>	\$ <u>(10,439,057)</u>	\$ <u>18,158,402</u>	\$ <u>(55,986,230)</u>	\$ <u>21,713,770</u>
<b>Other Financing Sources (Uses)</b>						
Transfers to general fund	(5,513,233)	(5,526,344)	-	1,715,357	(3,810,987)	1,702,246
Transfers from general fund	3,050,000	1,347,753	-	-	1,347,753	(1,702,247)
School Bond Proceeds \$27 M	27,000,000	27,000,000	-	-	27,000,000	-
School Bond Proceeds \$18 M	-	18,000,000	-	(18,000,000)	-	-
School Bond Proceeds \$30.5 M	26,750,000	26,750,000	-	-	26,750,000	-
School Bond Proceeds \$20 M	20,000,000	-	20,000,000	-	20,000,000	-
Bond Issuance Cost	-	-	-	-	-	-
Premium on Issuance	6,413,233	8,034,568	2,360,923	(1,873,759)	8,521,732	2,108,499
Total other financing sources	<u>77,700,000</u>	<u>75,605,977</u>	<u>22,360,923</u>	<u>(18,158,402)</u>	<u>79,808,498</u>	<u>2,108,498</u>
Revenue and other financing sources over (under) expenditures	\$ <u>-</u>	\$ <u>11,900,402</u>	11,921,866	\$ <u>-</u>	\$ <u>23,822,268</u>	\$ <u>23,822,268</u>
Fund balance, beginning			<u>11,900,402</u>			
Fund balance, ending			\$ <u>23,822,268</u>			

## **NON-MAJOR GOVERNMENTAL FUNDS**

---

Non-Major Governmental Funds are Special Revenue Funds and Capital Projects Funds

---

**Johnston County, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Totals June 30, 2019
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,599,034	\$ 6,533,464	\$ 10,132,498
Restricted cash	-	-	-
Taxes receivable (net)	49,646	-	49,646
Accounts receivable	121,862	-	121,862
Due from other governments	7,226	-	7,226
Due from other funds	240	70,448	70,688
Prepaid expenses	-	-	-
Total assets	<u>\$ 3,778,008</u>	<u>\$ 6,603,912</u>	<u>\$ 10,381,920</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 72,051	\$ 166,741	\$ 238,792
Payroll withholdings	300	-	300
Total liabilities	<u>86,561</u>	<u>166,741</u>	<u>253,302</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Receivable	49,646	-	49,646
Total deferred inflows of resources	<u>49,646</u>	<u>-</u>	<u>49,646</u>
Fund balances:			
Restricted:			
Capital Projects - Schools	-	-	-
Committed:			
General Government	-	-	-
Economic Development	140,278	-	140,278
Public Safety	3,501,523	606,443	4,107,966
Industrial Development	-	5,830,728	5,830,728
Unassigned	-	-	-
Total fund balances	<u>3,641,801</u>	<u>6,437,171</u>	<u>10,078,972</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,778,008</u>	<u>\$ 6,603,912</u>	<u>\$ 10,381,920</u>

**Johnston County, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Special Revenue Funds	Capital Project Funds	Totals June 30, 2019
<b>Revenues</b>			
Ad valorem taxes	\$ 9,570,979	\$ -	\$ 9,570,979
Other taxes and licenses	1,457,541	-	1,457,541
Restricted intergovernmental	-	-	-
Investment earnings	-	-	-
Miscellaneous	258,594	-	258,594
Total revenues	<u>11,287,114</u>	<u>-</u>	<u>11,287,114</u>
<b>Expenditures</b>			
Current:			
General Government	-	-	-
Public safety	9,823,418	944,855	10,768,273
Economic and physical development	303,015	3,623,251	3,926,266
Education	1,460,959	-	1,460,959
Total expenditures	<u>11,587,392</u>	<u>4,568,106</u>	<u>16,155,498</u>
Excess (deficiency) of revenues over expenditures	<u>(300,278)</u>	<u>(4,568,106)</u>	<u>(4,868,384)</u>
Other financing sources:			
Transfers in (out)	<u>443,388</u>	<u>5,516,000</u>	<u>5,959,388</u>
Total other financing sources (uses)	<u>443,388</u>	<u>5,516,000</u>	<u>5,959,388</u>
Net change in fund balance	143,110	947,894	1,091,004
Fund balances, beginning	<u>3,498,691</u>	<u>5,489,277</u>	<u>8,987,968</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 3,641,801</u></u>	<u><u>\$ 6,437,171</u></u>	<u><u>\$ 10,078,972</u></u>

**Johnston County, North Carolina  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
For the Fiscal Year Ended June 30, 2019**

	Moccasin Creek Drainage District	Special Tax Districts Fund	Heritage Commission Fund	Communication Fund	Research Training Zone	Voluntary Ag District	Totals June 30, 2019
<b>ASSETS</b>							
Cash and cash equivalents	\$ 157,645	\$ 2,046,485	\$ 110,417	\$ 1,242,570	\$ 41,185	\$ 732	\$ 3,599,034
Taxes receivable (net)	-	49,646	-	-	-	-	49,646
Accounts receivable	-	-	400	121,462	-	-	121,862
Due from other governments	-	-	1,464	2,858	2,886	18	7,226
Due from other funds	-	-	-	76	-	164	240
Prepaid expenses	-	-	-	-	-	-	-
Total assets	<u>\$ 157,645</u>	<u>\$ 2,096,131</u>	<u>\$ 112,281</u>	<u>\$ 1,366,966</u>	<u>\$ 44,071</u>	<u>\$ 914</u>	<u>\$ 3,778,008</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 3,247	\$ 13,693	\$ 2,778	\$ 52,333	\$ -	\$ -	\$ 72,051
Payroll withholdings	-	-	-	300	-	-	300
Due to other funds	-	-	14,210	-	-	-	14,210
Total liabilities	<u>3,247</u>	<u>13,693</u>	<u>16,988</u>	<u>52,633</u>	<u>-</u>	<u>-</u>	<u>86,561</u>
Deferred inflows of resources	-	49,646	-	-	-	-	49,646
Fund balances:							
Committed:							
General Government	-	-	95,293	-	44,071	914	140,278
Economic Development	-	-	-	-	-	-	-
Public Safety	154,398	2,032,792	-	1,314,333	-	-	3,501,523
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>154,398</u>	<u>2,032,792</u>	<u>95,293</u>	<u>1,314,333</u>	<u>44,071</u>	<u>914</u>	<u>3,641,801</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 157,645</u>	<u>\$ 2,096,131</u>	<u>\$ 112,281</u>	<u>\$ 1,366,966</u>	<u>\$ 44,071</u>	<u>\$ 914</u>	<u>\$ 3,778,008</u>

**Johnston County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Moccasin Creek Drainage District	Special Tax Districts Funds	Heritage Commission Fund	Communication Fund	Research Training Zone	Voluntary Ag District	Totals June 30, 2019
<b>Revenues</b>							
Ad valorem taxes	\$ 23,460	\$ 8,878,721	\$ -	\$ -	\$ 668,798	\$ -	\$ 9,570,979
Other taxes and licenses	-	-	-	1,457,541	-	-	1,457,541
Restricted intergovernmental	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Miscellaneous	-	171,958	86,383	-	-	253	258,594
Total	<u>23,460</u>	<u>9,050,679</u>	<u>86,383</u>	<u>1,457,541</u>	<u>668,798</u>	<u>253</u>	<u>11,287,114</u>
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	8,857,073	-	966,345	-	-	9,823,418
Economic and physical development	41,800	16,032	244,913	-	-	270	303,015
Education	-	-	-	-	1,460,959	-	1,460,959
Total	<u>41,800</u>	<u>8,873,105</u>	<u>244,913</u>	<u>966,345</u>	<u>1,460,959</u>	<u>270</u>	<u>11,587,392</u>
Excess (deficiency) of revenues over expenditures	<u>(18,340)</u>	<u>177,574</u>	<u>(158,530)</u>	<u>491,196</u>	<u>(792,161)</u>	<u>(17)</u>	<u>(300,278)</u>
Other financing sources (uses):							
Transfers in	-	-	158,388	-	285,000	-	443,388
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>158,388</u>	<u>-</u>	<u>285,000</u>	<u>-</u>	<u>443,388</u>
Net change in fund balance	<u>(18,340)</u>	<u>177,574</u>	<u>(142)</u>	<u>491,196</u>	<u>(507,161)</u>	<u>(17)</u>	<u>143,110</u>
Fund balances, beginning	<u>172,738</u>	<u>1,855,218</u>	<u>95,435</u>	<u>823,137</u>	<u>551,232</u>	<u>931</u>	<u>3,498,691</u>
Fund balances, ending	<u>\$ 154,398</u>	<u>\$ 2,032,792</u>	<u>\$ 95,293</u>	<u>\$ 1,314,333</u>	<u>\$ 44,071</u>	<u>\$ 914</u>	<u>\$ 3,641,801</u>

**Johnston County, North Carolina**  
**Non-Major Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Industrial Infrastructure Fund	Public Safety Center Project	Courthouse Facilities Project	Totals June 30, 2019
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,760,280	\$ 773,184	\$ -	\$ 6,533,464
Restricted cash	-	-	-	-
Accounts Receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from Other Funds	70,448	-	-	70,448
Total assets	<u>\$ 5,830,728</u>	<u>\$ 773,184</u>	<u>\$ -</u>	<u>\$ 6,603,912</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ -	\$ 166,741	\$ -	\$ 166,741
Due to Other Funds	-	-	-	-
Total liabilities	<u>-</u>	<u>166,741</u>	<u>-</u>	<u>166,741</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Capital Projects - Schools	-	-	-	-
Committed - Industrial Infrastructure	5,830,728	-	-	5,830,728
Committed - General Government	-	-	-	-
Committed - Public Safety	-	606,443	-	606,443
Total fund balances	<u>5,830,728</u>	<u>606,443</u>	<u>-</u>	<u>6,437,171</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,830,728</u>	<u>\$ 773,184</u>	<u>\$ -</u>	<u>\$ 6,603,912</u>

**Johnston County, North Carolina**  
**Non-Major Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**June 30, 2019**

	Industrial Infrastructure Fund	Public Safety Center Project	Courthouse Facilities Project	Totals June 30, 2019
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	-	-	-	-
Restricted Intergovernmental	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	944,855	-	944,855
Economic and physical development	3,623,251	-	-	3,623,251
Education	-	-	-	-
Total	<u>3,623,251</u>	<u>944,855</u>	<u>-</u>	<u>4,568,106</u>
Excess (deficiency) of revenues over expenditures	<u>(3,623,251)</u>	<u>(944,855)</u>	<u>-</u>	<u>(4,568,106)</u>
Other financing sources (uses):				
Transfers	<u>5,516,000</u>	<u>558,818</u>	<u>(558,818)</u>	<u>5,516,000</u>
Total other financing sources (uses)	<u>5,516,000</u>	<u>558,818</u>	<u>(558,818)</u>	<u>5,516,000</u>
Net change in fund balances	<u>1,892,749</u>	<u>(386,037)</u>	<u>(558,818)</u>	<u>947,894</u>
Fund balances, beginning	<u>3,937,979</u>	<u>992,480</u>	<u>558,818</u>	<u>5,489,277</u>
Fund balances, ending	<u>\$ 5,830,728</u>	<u>\$ 606,443</u>	<u>\$ -</u>	<u>\$ 6,437,171</u>



**Johnston County, North Carolina**  
**Special Revenue Funds - Moccasin Creek Drainage District**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Ad valorem taxes	\$ 23,000	\$ 23,460	\$ 460
Restricted intergovernmental	125,600	-	(125,600)
Total	<u>148,600</u>	<u>23,460</u>	<u>(125,140)</u>
<b>Expenditures</b>			
Economic and physical development			
Maintenance	41,800	41,800	-
Grant Expenditures	118,800	-	118,800
Total	<u>160,600</u>	<u>41,800</u>	<u>118,800</u>
Revenue over (under) expenditures	\$ <u>(12,000)</u>	\$ <u>(18,340)</u>	\$ <u>(6,340)</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	\$ 12,000	\$ -	\$ (12,000)
Total other financing sources (uses)	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	(18,340)	<u>\$ (18,340)</u>
Fund balance, beginning		172,738	
Fund balance, ending		<u>\$ 154,398</u>	

**Johnston County, North Carolina**  
**Special Revenue Funds - Special Tax District Funds**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Ad valorem taxes	\$ 8,986,000	\$ 8,878,721	\$ (107,279)
Miscellaneous Revenue	70,000	171,958	101,958
Total	<u>9,056,000</u>	<u>9,050,679</u>	<u>(5,321)</u>
<b>Expenditures</b>			
Public safety			
Fire departments - ad valorem	\$ 9,031,000	\$ 8,857,073	\$ 173,927
Economic and physical development			
Sanitary districts	25,000	16,032	8,968
Total expenditures	<u>9,056,000</u>	<u>8,873,105</u>	<u>182,895</u>
Revenue over (under) expenditures	\$ -	\$ 177,574	\$ 177,574
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfer to general fund	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	177,574	<u>\$ 177,574</u>
Fund balance, beginning		1,855,218	
Fund balance, ending		<u>\$ 2,032,792</u>	

**Johnston County, North Carolina**  
**Special Revenue Funds - Heritage Commission Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Book and souvenir sales	\$ 11,000	\$ 7,609	\$ (3,391)
Donations	88,000	44,415	(43,585)
Restricted intergovernmental	6,650	8,150	1,500
Fines and fees	5,000	4,769	(231)
Holding endowment	20,500	21,440	940
Miscellaneous Revenue	-	-	-
Total revenues	<u>131,150</u>	<u>86,383</u>	<u>(44,767)</u>
<b>Expenditures</b>			
Economic and physical development			
Salaries and fringe benefits	\$ 181,101	\$ 179,226	\$ 1,875
Operating expenditures	<u>122,828</u>	<u>65,687</u>	<u>57,141</u>
Total expenditures	<u>303,929</u>	<u>244,913</u>	<u>59,016</u>
Revenue over (under) expenditures	<u>\$ (172,779)</u>	<u>\$ (158,530)</u>	<u>\$ 14,249</u>
<b>Other Financing Sources (Uses)</b>			
Fund Balance Appropriated	\$ 14,391	\$ -	\$ (14,391)
Transfer from general fund	<u>158,388</u>	<u>158,388</u>	<u>-</u>
Total other financing sources (uses)	<u>172,779</u>	<u>158,388</u>	<u>(14,391)</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	(142)	<u>\$ (142)</u>
Fund balance, beginning		95,435	
Fund balance, ending		<u>\$ 95,293</u>	

**Johnston County, North Carolina**  
**Special Revenue Funds - Communication Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Other taxes and licenses:			
Enhanced 9-1-1	\$ 1,457,540	\$ 1,457,541	\$ 1
Miscellaneous	-	-	-
Total revenues	<u>1,457,540</u>	<u>1,457,541</u>	<u>1</u>
<b>Expenditures</b>			
Enhanced 9-1-1			
Salaries and fringe benefits	\$ -	\$ -	\$ -
Operating expenditures	1,420,000	966,345	453,655
Capital outlay	37,540	-	37,540
Total	<u>1,457,540</u>	<u>966,345</u>	<u>491,195</u>
Total Expenditures	<u>1,457,540</u>	<u>966,345</u>	<u>491,195</u>
Revenue over (under) expenditures	\$ -	\$ 491,196	\$ 491,196
<b>Other Financing Sources (Uses)</b>			
Transfer from (to) Other Funds	\$ -	\$ -	\$ -
Fund balance appropriated	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	491,196	<u>\$ 491,196</u>
Fund balance, beginning		<u>823,137</u>	
Fund balance, ending		<u>\$ 1,314,333</u>	

**Johnston County, North Carolina**  
**Special Revenue Funds - Research Training Zone**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Restricted intergovernmental revenues	\$ -	\$ -	\$ -
Ad Valorem Taxes	645,000	668,798	23,798
Total Revenues	<u>645,000</u>	<u>668,798</u>	<u>23,798</u>
<b>Expenditures</b>			
Education	\$ 1,503,208	\$ 1,460,959	\$ 42,249
Revenue over (under) expenditures	<u>\$ (858,208)</u>	<u>\$ (792,161)</u>	<u>\$ 66,047</u>
Other Financing Sources (Uses):			
Transfers In	\$ 858,208	\$ 285,000	\$ 573,208
Total other financing sources (uses)	<u>858,208</u>	<u>285,000</u>	<u>573,208</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	\$ (507,161)	<u>\$ 639,255</u>
Fund balance, beginning		<u>551,232</u>	
Fund balance, ending		<u>\$ 44,071</u>	

**Johnston County, North Carolina**  
**Special Revenue Funds - Voluntary Ag District**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Restricted intergovernmental revenues	\$ -	\$ -	\$ -
District Sales	270	253	17
Donations	-	-	-
Total Revenues	<u>270</u>	<u>253</u>	<u>(17)</u>
<b>Expenditures</b>			
Department Supplies	\$ 270	\$ 270	\$ -
Revenue over (under) expenditures	\$ -	\$ (17)	\$ (17)
Other Financing Sources (Uses):			
Fund Balance Appropriated	\$ -	\$ -	\$ -
Transfers In	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	(17)	<u>\$ (17)</u>
Fund balance, beginning		<u>931</u>	
Fund balance, ending		<u>\$ 914</u>	

## **CAPITAL PROJECTS FUND**

---

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

---

**Johnston County, North Carolina**  
**Capital Projects Fund**  
**Industrial Development Infrastructure**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues</b>					
NC Department of Commerce	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenue	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Kenly Truckstop	20,000	-	17,529	17,529	2,471
Grifols	350,000	-	84,123	84,123	265,877
Norvo Nordisk	2,553,000	-	2,026,645	2,026,645	526,355
Cloverleaf	8,000	-	1,153	1,153	6,847
CCBCC / Coca Cola	10,000	-	1,724	1,724	8,276
CAT Connector	50,000	-	21,671	21,671	28,329
Talecris	2,100,000	-	1,135,104	1,135,104	964,896
NorthEast Foods	150,000	-	128,264	128,264	21,736
Becton, Dickerson	275,000	-	207,038	207,038	67,962
Total expenditures	<u>5,516,000</u>	<u>-</u>	<u>3,623,251</u>	<u>3,623,251</u>	<u>1,892,749</u>
Revenue over (under) expenditures	<u>(5,516,000)</u>	<u>-</u>	<u>(3,623,251)</u>	<u>(3,623,251)</u>	<u>1,892,749</u>
<b>Other Financing Sources (Uses)</b>					
Fund Balance Appropriated	-	-	-	-	-
Transfer from General Fund	5,516,000	-	5,516,000	5,516,000	-
Total other financing sources	<u>5,516,000</u>	<u>-</u>	<u>5,516,000</u>	<u>5,516,000</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	1,892,749	<u>\$ 1,892,749</u>	<u>\$ 1,892,749</u>
Fund balance, beginning			<u>3,937,979</u>		
Fund balance, ending			<u>\$ 5,830,728</u>		



**Johnston County, North Carolina**  
**Capital Projects Fund**  
**Public Safety Center Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Completed Project</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>						
Public Safety						
Technical Service	\$ 1,048,927	\$ 7,520	\$ 435,964	\$ (1,000)	\$ 442,484	\$ 606,443
Land	<u>508,891</u>	<u>-</u>	<u>508,891</u>	<u>-</u>	<u>508,891</u>	<u>-</u>
Total expenditures	<u>1,557,818</u>	<u>7,520</u>	<u>944,855</u>	<u>(1,000)</u>	<u>951,375</u>	<u>606,443</u>
Revenue over (under) expenditures	<u>(1,557,818)</u>	<u>(7,520)</u>	<u>(944,855)</u>	<u>1,000</u>	<u>(951,375)</u>	<u>606,443</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from General Fund	999,000	1,000,000	-	(1,000)	999,000	-
Transfer from Other Funds	<u>558,818</u>	<u>-</u>	<u>558,818</u>	<u>-</u>	<u>558,818</u>	<u>-</u>
Total other financing sources	<u>1,557,818</u>	<u>1,000,000</u>	<u>558,818</u>	<u>(1,000)</u>	<u>1,557,818</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 992,480</u>	<u>(386,037)</u>	<u>\$ -</u>	<u>\$ 606,443</u>	<u>\$ 606,443</u>
Fund balance, beginning			<u>992,480</u>			
Fund balance, ending			<u>\$ 606,443</u>			

**Johnston County, North Carolina**  
**Capital Projects Fund**  
**Courthouse Facilities Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Completed Project</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>						
General Government						
Courthouse Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from General Fund	558,818	558,818	-	(558,818)	-	-
Transfer to Other Funds	<u>(558,818)</u>	<u>-</u>	<u>(558,818)</u>	<u>558,818</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>558,818</u>	<u>(558,818)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 558,818</u>	<u>(558,818)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>558,818</u>			
Fund balance, ending			<u>\$ -</u>			

## **ENTERPRISE FUNDS**

---

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

---

**Johnston County, North Carolina**  
**Combining Statement of Net Position - Non-Major Enterprise Funds**  
**Proprietary Funds**  
**June 30, 2019**

	NON-MAJOR		Total Non-Major Proprietary Funds
	Section 8 Housing Assistance	Administrative Fund	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,258,437	\$ 2,402,140	\$ 3,660,577
Restricted cash	-	-	-
Receivables (net):			
Accounts	-	-	-
Due from other funds	-	-	-
Due from other governments	460	45,312	45,772
Prepaid items	1,473	-	1,473
Total current assets	<u>1,260,370</u>	<u>2,447,452</u>	<u>3,707,822</u>
Noncurrent assets:			
Capital assets, net	130,549	210,000	340,549
Total noncurrent assets	<u>130,549</u>	<u>210,000</u>	<u>340,549</u>
Total assets	<u>\$ 1,390,919</u>	<u>\$ 2,657,452</u>	<u>\$ 4,048,371</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferrals	\$ 68,406	\$ 172,258	\$ 240,664
OPEB related deferrals	74,175	238,663	312,838
Total deferred outflows of resources	<u>\$ 142,581</u>	<u>\$ 410,921</u>	<u>\$ 553,502</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 1,416	\$ 4,401	\$ 5,817
Due to other funds	-	2,575	2,575
Prepaid decals - landfill	-	-	-
Solid Waste fines	-	-	-
Current maturities of long-term debt	-	-	-
Utility deposits	-	-	-
Accrued interest	-	-	-
Other deposits	-	884,389	884,389
Due to the County (LOBs)	-	-	-
Compensated Absences Payable	2,400	22,441	24,841
Total current liabilities	<u>3,816</u>	<u>913,806</u>	<u>917,622</u>
Long-term liabilities:			
Accrued landfill closure and postclosure	-	-	-
Total OPEB Liability	227,263	1,966,712	2,193,975
Net Pension Liability	88,274	222,290	310,564
Long-term debt	-	-	-
Unamortized bond premium	-	-	-
Due to the County (LOBs)	-	-	-
Compensated absences payable	3,548	33,176	36,724
Total long-term liabilities	<u>319,085</u>	<u>2,222,178</u>	<u>2,541,263</u>
Total liabilities	<u>\$ 322,901</u>	<u>\$ 3,135,984</u>	<u>\$ 3,458,885</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related deferrals	\$ 1,125	\$ 2,834	\$ 3,959
OPEB related deferrals	23,176	200,568	223,744
Total deferred inflows of resources	<u>\$ 24,301</u>	<u>\$ 203,402</u>	<u>\$ 227,703</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 130,549	\$ 210,000	\$ 340,549
Restricted			
Housing Assistance Program	207,528	-	207,528
Unrestricted	848,221	(481,013)	367,208
Total net position	<u>\$ 1,186,298</u>	<u>\$ (271,013)</u>	<u>\$ 915,285</u>

**Johnston County, North Carolina**  
**Combining Statement of Revenues, Expenses, and Changed in Fund Net Position -**  
**Non-Major Enterprise Funds - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	NON-MAJOR		Total Non-Major Proprietary Funds
	Section 8 Housing Assistance	Administrative Fund	
Operating revenues:			
Charges for services	\$ -	\$ 1,258,975	\$ 1,258,975
Water and sewer taps	-	-	-
Total operating revenues	<u>-</u>	<u>1,258,975</u>	<u>1,258,975</u>
Operating expenses:			
General operating	4,009,948	1,166,570	5,176,518
Depreciation and amortization	9,745	8,890	18,635
Total operating expenses	<u>4,019,693</u>	<u>1,175,460</u>	<u>5,195,153</u>
Operating income (loss)	\$ <u>(4,019,693)</u>	\$ <u>83,515</u>	\$ <u>(3,936,178)</u>
Nonoperating revenues (expenses):			
Disposal and state 1% tax	-	-	-
Solid Waste Fees	-	-	-
Restricted Intergovernmental	-	195,234	195,234
Investment earnings	7,006	-	7,006
Late fees collected	-	-	-
Insurance recovery			
Miscellaneous	19,746	-	19,746
Gain (Loss) on Sale of capital assets	-	-	-
Capital commodity surcharge	-	-	-
State Electronics Fund	-	-	-
Landfill closure costs	-	-	-
Operating subsidy - HUD	3,999,831	-	3,999,831
Fraud recovery	35,662	-	35,662
Interest and bond issuance costs	-	-	-
Other Expenditures	-	-	-
Total nonoperating revenues (expenses)	<u>4,062,245</u>	<u>195,234</u>	<u>4,257,479</u>
Income (loss) before transfers and contributions	\$ <u>42,552</u>	\$ <u>278,749</u>	\$ <u>321,301</u>
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	42,552	278,749	321,301
Total net position, beginning	<u>1,143,746</u>	<u>(549,762)</u>	<u>593,984</u>
Total net position - beginning (as restated)	<u>1,143,746</u>	<u>(549,762)</u>	<u>593,984</u>
Total net position, ending	<u>\$ 1,186,298</u>	<u>\$ (271,013)</u>	<u>\$ 915,285</u>

**Johnston County, North Carolina**  
**Combining Statement of Cash Flows - Non-Major Enterprise Funds**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	NON-MAJOR		Total Non-Major Proprietary Funds
	Section 8 Housing Assistance	Administrative Fund	
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ -	\$ 1,282,872	\$ 1,282,872
Cash paid for goods and services	(62,614)	(180,010)	(242,624)
Cash paid to employees	(362,405)	(880,391)	(1,242,796)
Cash paid for housing assistance	(3,622,959)	-	(3,622,959)
Miscellaneous	55,408	-	55,408
Net cash provided by (used in) operating activities	<u>(3,992,570)</u>	<u>222,471</u>	<u>(3,770,099)</u>
<b>Cash Flows From Noncapital Financing Activities</b>			
Transfer from (to) other funds	-	-	-
Due to / from other funds	-	-	-
Operating subsidy - HUD	3,999,831	-	3,999,831
Net cash provided by (used in) financing activities	<u>3,999,831</u>	<u>-</u>	<u>3,999,831</u>
<b>Cash Flows From Capital and Related Financing Activities</b>			
Disposal and State 1% tax	-	-	-
Solid Waste fees	-	-	-
Capital contributions	-	195,234	195,234
State Electronics Fund	-	-	-
Sale of capital assets	-	-	-
Proceeds from debt related to capital	-	-	-
Due from Water Districts (LOBs)	-	-	-
Insurance recovery	-	-	-
Capital commodity surcharge	-	-	-
Developer contributions	-	-	-
Other Contributions	-	-	-
Interest and bond issuance costs	-	-	-
Acquisition of capital assets	-	-	-
Premium on bond issuance	-	-	-
Refunded debt	-	-	-
Repayment of debt obligations	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>195,234</u>	<u>195,234</u>
<b>Cash Flows From Investing Activities</b>			
Investment Income	7,006	-	7,006
Net cash provided by (used in) investing activities	<u>7,006</u>	<u>-</u>	<u>7,006</u>
Net increase (decrease) in cash and cash equivalents/investments	<u>14,267</u>	<u>417,705</u>	<u>431,972</u>
Cash and cash equivalents/investments Beginning of year	<u>1,244,170</u>	<u>1,984,435</u>	<u>3,228,605</u>
End of year	<u>\$ 1,258,437</u>	<u>\$ 2,402,140</u>	<u>\$ 3,660,577</u>

**Johnston County, North Carolina**  
**Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2019**

	NON-MAJOR		Total Non-Major Proprietary Funds
	Section 8	Administrative Fund	
	Housing Assistance		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (4,019,693)	\$ 83,515	\$ (3,936,178)
Nonoperating (miscellaneous)	55,408	-	55,408
Depreciation	9,745	8,890	18,635
(Increase) decrease in:			
Accounts receivable	(116)	(28,583)	(28,699)
Prepaid expenses	(76)	-	(76)
Deferred Outflows for pensions	(26,138)	(65,819)	(91,957)
Deferred Outflows for OPEB	(71,266)	(213,487)	(284,753)
Increase (decrease) in:			
Compensated absences payable	(4,523)	12,022	7,499
Utility deposits	-	-	-
Other deposits	-	52,480	52,480
Deferred Inflows for Pensions	(957)	(2,410)	(3,367)
Deferred Inflows for OPEB	4,669	40,410	45,079
Net Pension Liability	32,336	81,427	113,763
Accounts payable and accrued expenses	(1,028)	2,469	1,441
Deferred Revenue	-	-	-
Total OPEB liability	29,069	251,557	280,626
Prepaid Decals-Landfill	-	-	-
Total adjustments	<u>27,123</u>	<u>138,956</u>	<u>166,079</u>
Net cash provided by (used in) operating activities	<u>\$ (3,992,570)</u>	<u>\$ 222,471</u>	<u>\$ (3,770,099)</u>

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Administrative Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Operating Revenues</b>			
Sales and Services	\$ 614,500	\$ 614,500	\$ -
Plan review fees	245,114	339,475	94,361
Erosion Control Permit fee	217,000	304,779	87,779
Miscellaneous	-	221	221
Total Operating Revenues	<u>\$ 1,076,614</u>	<u>\$ 1,258,975</u>	<u>\$ 182,361</u>
<b>Operating Expenditures</b>			
FEMA			
Salaries and employee benefits	\$ 15,187	\$ 15,182	\$ 5
Other	72,095	72,093	2
Total FEMA	<u>87,282</u>	<u>87,275</u>	<u>7</u>
Administration			
Salaries and employee benefits	\$ 366,745	\$ 364,609	\$ 2,136
Other	18,400	14,709	3,691
Total Administration	<u>385,145</u>	<u>379,318</u>	<u>5,827</u>
Engineer/Construction			
Salaries and employee benefits	\$ 363,870	\$ 363,654	\$ 216
Other	91,809	59,366	32,443
Total Engineer/Construction	<u>455,679</u>	<u>423,020</u>	<u>32,659</u>
Storm water management			
Salaries and employee benefits	\$ 186,278	\$ 148,968	\$ 37,310
Other	49,512	36,311	13,201
Total Storm water management	<u>235,790</u>	<u>185,279</u>	<u>50,511</u>
Capital outlay	\$ -	\$ -	\$ -
Total Operating expenditures	<u>\$ 1,163,896</u>	<u>\$ 1,074,892</u>	<u>\$ 89,004</u>
Revenues over (under) expenditures	<u>\$ (87,282)</u>	<u>\$ 184,083</u>	<u>\$ 271,365</u>
Other financing sources (uses):			
Fund balance appropriated	\$ -	\$ -	\$ -
Restricted intergovernmental	87,282	195,234	107,952
Transfers to) from other funds	-	-	-
Total Other financing sources	<u>\$ 87,282</u>	<u>\$ 195,234</u>	<u>\$ 107,952</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>379,317</u>	<u>\$ 379,317</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Capital outlay		-	
Total OPEB liability		(251,557)	
Deferred outflows of resources - pensions		65,819	
Deferred outflows of resources - OPEB		213,487	
Net pension liability		(81,427)	
Deferred inflows of resources - pensions		2,410	
Deferred inflows of resources - OPEB		(40,410)	
Depreciation		<u>(8,890)</u>	
Change in net position		<u>\$ 278,749</u>	



**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Operating Revenues</b>			
Charges for services			
Yard waste	\$ 209,000	\$ 191,270	\$ (17,730)
Recycling	1,000	97,399	96,399
Contract hauling	-	-	-
Landfill fees	4,585,000	5,101,046	516,046
Decals	1,450,000	1,323,800	(126,200)
Total Operating Revenues	<u>6,245,000</u>	<u>6,713,515</u>	<u>468,515</u>
<b>Nonoperating Revenues (Expenditures)</b>			
Interest on investments	-	134,660	134,660
Disposal taxes	170,000	208,318	38,318
Late fees collected	-	2,107	2,107
Gain (loss) on disposal of assets	-	-	-
Insurance recovery	-	11,301	11,301
Miscellaneous	-	2,509	2,509
State Solid Waste Fee	280,000	286,152	6,152
State Electronics Fund	15,000	12,142	(2,858)
Landfill Gas to Energy Proceeds	110,000	92,028	(17,972)
State 1% tax on tires	240,000	270,287	30,287
Total Nonoperating revenues	<u>815,000</u>	<u>1,019,504</u>	<u>204,504</u>
Total Revenues	<u>\$ 7,060,000</u>	<u>\$ 7,733,019</u>	<u>\$ 673,019</u>
<b>Operating Expenditures</b>			
Sanitation			
Salaries and employee benefits	\$ 789,731	\$ 719,838	\$ 69,893
Other	928,900	869,652	59,248
Total Sanitation	<u>1,718,631</u>	<u>1,589,490</u>	<u>129,141</u>
Landfill			
Salaries and employee benefits	\$ 655,178	\$ 613,529	\$ 41,649
Other	505,212	479,979	25,233
Total Landfill	<u>1,160,390</u>	<u>1,093,508</u>	<u>66,882</u>
Solid waste			
Salaries and employee benefits	\$ 453,924	\$ 310,985	\$ 142,939
Other	1,558,557	1,429,658	128,899
Total Solid waste	<u>2,012,481</u>	<u>1,740,643</u>	<u>271,838</u>

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Tire disposal			
Salaries and employee benefits	\$ 25,463	\$ 23,786	\$ 1,677
Other	178,900	149,703	29,197
Total Tire disposal	<u>204,363</u>	<u>173,489</u>	<u>30,874</u>
Appliances/White goods			
Salaries and employee benefits	\$ 121,934	\$ 105,319	\$ 16,615
Other	1,000	3	997
Total Appliances/White goods	<u>122,934</u>	<u>105,322</u>	<u>17,612</u>
Yard and wood waste			
Salaries and employee benefits	\$ 25,637	\$ 23,472	\$ 2,165
Other	85,500	76,934	8,566
Total Yard and wood waste	<u>111,137</u>	<u>100,406</u>	<u>10,731</u>
Electronics Recycling			
Salaries and employee benefits	\$ -	\$ -	\$ -
Other	91,000	46,019	44,981
Total Electronics Recycling	<u>91,000</u>	<u>46,019</u>	<u>44,981</u>
SW Recycling Program			
Salaries and employee benefits	\$ 400,423	\$ 375,903	\$ 24,520
Other	212,700	123,634	89,066
Total SW Recycling Program	<u>613,123</u>	<u>499,537</u>	<u>113,586</u>
Capital outlay	\$ 2,118,491	\$ 595,134	\$ 1,523,357
Total Operating expenditures	<u>\$ 8,152,550</u>	<u>\$ 5,943,548</u>	<u>\$ 2,209,002</u>
Revenues over expenditures	<u>\$ (1,092,550)</u>	<u>\$ 1,789,471</u>	<u>\$ 2,882,021</u>
Other financing sources (uses):			
Fund balance appropriated	\$ 800,000	\$ -	\$ (800,000)
Transfers to other funds	\$ (107,450)	\$ (107,450)	\$ -
Transfers from other funds	400,000	400,000	-
Total other financing sources	<u>\$ 1,092,550</u>	<u>\$ 292,550</u>	<u>\$ (800,000)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	2,082,021	<u>\$ 2,082,021</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Capital outlay		595,134	
Capital reserve for post-closure		1,454,821	
Total OPEB liability		(661,409)	
Deferred outflows of resources - pensions		161,258	
Deferred outflows of resources - OPEB		561,313	
Net pension liability		(199,499)	
Deferred inflows of resources - pensions		5,904	
Deferred inflows of resources - OPEB		(106,246)	
Depreciation		(542,975)	
Transfer to (from) project (Ex D-5a, 5b)		<u>107,450</u>	
Change in net position		<u>\$ 3,457,772</u>	

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Landfill Construction Fund - Landfill Entrance & Attendant Facilities**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Legal and Professional Fees	-	-	-	-	-	-
Technical service	75,950	-	46,870	-	46,870	29,080
Construction of Project	-	-	-	-	-	-
Contingency Construction	-	-	-	-	-	-
Total Expenditures	75,950	-	46,870	-	46,870	29,080
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	75,950	-	75,950	-	75,950	-
Transfer to other funds	-	-	-	-	-	-
Total Other Financing Sources	75,950	-	75,950	-	75,950	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 29,080	\$ -	\$ 29,080	\$ 29,080

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Landfill Construction Fund - Phase 4-A Landfill Site Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Legal and Professional Fees	-	-	-	-	-	-
Technical service	31,500	-	15,311	-	15,311	16,189
Construction of Project	-	-	-	-	-	-
Contingency Construction	-	-	-	-	-	-
Total Expenditures	31,500	-	15,311	-	15,311	16,189
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	31,500	-	31,500	-	31,500	-
Transfer to other funds	-	-	-	-	-	-
Total Other Financing Sources	31,500	-	31,500	-	31,500	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 16,189	\$ -	\$ 16,189	\$ 16,189

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Operating Revenues</b>			
Charges for services			
Water taps	\$ 425,000	\$ 500,452	\$ 75,452
Capacity fees	4,880,000	6,078,478	1,198,478
Contracted services	2,969,325	2,411,846	(557,479)
Water - wholesale	8,568,849	8,866,934	298,085
Reconnect Fees	150,000	168,513	18,513
Miscellaneous	-	20,349	20,349
Total Operating Revenues	<u>16,993,174</u>	<u>18,046,572</u>	<u>1,053,398</u>
<b>Nonoperating Revenues (Expenditures)</b>			
Investment income	\$ 2,411,963	\$ 2,462,943	\$ 50,980
Insurance recovery	-	-	-
NCDOT Reimbursement	-	3,567	3,567
Total Nonoperating revenues	<u>2,411,963</u>	<u>2,466,510</u>	<u>54,547</u>
 Total Revenues	 <u>\$ 19,405,137</u>	 <u>\$ 20,513,082</u>	 <u>\$ 1,107,945</u>
<b>Operating Expenditures</b>			
<b>FEMA</b>			
Salaries and employee benefits	\$ -	\$ -	\$ -
Other	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
<b>Public utilities operations</b>			
Salaries and employee benefits	\$ 229,024	\$ 215,107	\$ 13,917
Other	3,590,100	3,609,454	(19,354)
Total	<u>3,819,124</u>	<u>3,824,561</u>	<u>(5,437)</u>
<b>Water transmission</b>			
Salaries and employee benefits	\$ 496,820	\$ 496,589	\$ 231
Other	1,066,583	1,026,895	39,688
Total	<u>1,563,403</u>	<u>1,523,484</u>	<u>39,919</u>
<b>Retail water</b>			
Salaries and employee benefits	\$ 955,853	\$ 914,950	\$ 40,903
Other	543,000	496,149	46,851
Total	<u>1,498,853</u>	<u>1,411,099</u>	<u>87,754</u>
<b>Water treatment and transmission</b>			
Salaries and employee benefits	\$ 924,126	\$ 916,277	\$ 7,849
Other	5,844,903	5,616,636	228,267
Total	<u>6,769,029</u>	<u>6,532,913</u>	<u>236,116</u>

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
Laboratory services			
Salaries and employee benefits	\$ 82,152	\$ 82,756	\$ (604)
Other	119,448	99,479	19,969
Total	<u>201,600</u>	<u>182,235</u>	<u>19,365</u>
Waterline Construction			
Salaries and employee benefits	\$ 808,070	\$ 807,282	\$ 788
Other	412,776	396,636	16,140
Total	<u>1,220,846</u>	<u>1,203,918</u>	<u>16,928</u>
Capital outlay	\$ 251,310	\$ 160,663	\$ 90,647
Debt service			
Principal retirement	\$ 2,925,000	\$ 2,924,716	\$ 284
Interest	2,918,419	2,910,965	7,454
Total Debt service	<u>5,843,419</u>	<u>5,835,681</u>	<u>7,738</u>
Total Operating expenditures	\$ 21,167,584	\$ 20,674,554	\$ 493,030
Revenues over expenditures	\$ (1,762,447)	\$ (161,472)	\$ 1,600,975
Other financing sources (uses):			
Transfers (to) other funds	\$ (457,058)	\$ (457,058)	\$ -
Transfers from other funds	1,863,447	1,863,447	-
Fund Balance Appropriated	356,058	-	(356,058)
Total Other financing sources	<u>\$ 1,762,447</u>	<u>\$ 1,406,389</u>	<u>\$ (356,058)</u>
Revenues and other sources over (under) expenditures	\$ <u>-</u>	1,244,917	\$ <u>1,244,917</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Capital outlay		160,663	
Capacity Fees		3,250,000	
Debt service principal retirement		2,924,716	
Amortize Bond Premium		53,313	
Total OPEB Liability		(1,135,015)	
Deferred outflows of resources - pensions		256,195	
Deferred outflows of resources - OPEB		963,244	
Net pension liability		(316,947)	
Deferred inflows of resources - pensions		9,381	
Deferred inflows of resources - OPEB		(182,325)	
Depreciation and Amortization		(3,186,686)	
DOT Reimbursement (Ex D-6c)		155,755	
Restricted Intergovernmental (Ex D-6e)		250,000	
Transfer to Projects (Ex D-6a, 6b, 6c, 6d, 6e, 6f, 6g)		<u>457,058</u>	
Change in net position		<u>\$ 4,904,269</u>	

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - WTP Filter Add & Chem Feed Imp**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax Refund	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	441,844	441,844	-	(441,844)	-	-
Construction of Project	6,583,430	6,503,722	79,708	(6,583,430)	-	-
Loan Closing	138,140	138,140	-	(138,140)	-	-
Contingency Construction	-	-	-	-	-	-
Total Expenditures	7,163,414	7,083,706	79,708	(7,163,414)	-	-
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	280,436	264,578	15,858	(280,436)	-	-
Revolving Loan	6,882,978	5,509,750	1,373,228	(6,882,978)	-	-
Total Other Financing Sources	7,163,414	5,774,328	1,389,086	(7,163,414)	-	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ (1,309,378)	\$ 1,309,378	\$ -	\$ -	\$ -

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - WTP 2.5 MGD Exp / Future Planning**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	185,000	54,987	-	-	54,987	130,013
Total Expenditures	185,000	54,987	-	-	54,987	130,013
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	185,000	185,000	-	-	185,000	-
Total Other Financing Sources	185,000	185,000	-	-	185,000	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ 130,013	\$ -	\$ -	\$ 130,013	\$ 130,013



**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - NCDOT Waterline Projects**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NCDOT Reimbursements	798,880	211,520	155,755	(337,232)	30,043	(431,605)
Total Revenues	<u>798,880</u>	<u>211,520</u>	<u>155,755</u>	<u>(337,232)</u>	<u>30,043</u>	<u>(431,605)</u>
<b>Expenditures</b>						
Technical service	316,701	211,885	21,515	(49,615)	183,785	83,301
Construction of Project	506,999	258,226	75,397	(289,185)	44,438	173,376
Total Expenditures	<u>823,700</u>	<u>470,111</u>	<u>96,912</u>	<u>(338,800)</u>	<u>228,223</u>	<u>256,677</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	24,820	24,820	-	(1,568)	23,252	-
Total Other Financing Sources	<u>24,820</u>	<u>24,820</u>	<u>-</u>	<u>(1,568)</u>	<u>23,252</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (233,771)</u>	<u>\$ 58,843</u>	<u>\$ -</u>	<u>\$ (174,928)</u>	<u>\$ (174,928)</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - WTP 2.0 MGD Upgrade**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Technical service	332,500	175,350	150,549	-	325,899	6,601
Construction of Project	2,517,000	-	-	-	-	2,517,000
Loan Closing	60,000	-	-	-	-	60,000
Contingency Construction	150,500	-	-	-	-	150,500
Total Expenditures	<u>3,060,000</u>	<u>175,350</u>	<u>150,549</u>	<u>-</u>	<u>325,899</u>	<u>2,734,101</u>
<b>Other Financing Sources (Uses)</b>						
Revolving Loan	3,000,000	-	-	-	-	(3,000,000)
Transfer to other funds	60,000	60,000	-	-	60,000	-
Total Other Financing Sources	<u>3,060,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>(3,000,000)</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (115,350)</u>	<u>\$ (150,549)</u>	<u>\$ -</u>	<u>\$ (265,899)</u>	<u>\$ (265,899)</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - Clayton No. 2 Booster Pump Station Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental					
Rural Economic Development Grant	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ -
EDA Grant (Town of Clayton)	128,300	-	-	-	(128,300)
Total Revenues	<u>378,300</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>(128,300)</u>
<b>Expenditures</b>					
Technical service	31,400	-	21,156	21,156	10,244
Construction of Project	357,100	-	327,795	327,795	29,305
Contingency Construction	2,300	-	-	-	2,300
Total Expenditures	<u>390,800</u>	<u>-</u>	<u>348,951</u>	<u>348,951</u>	<u>41,849</u>
<b>Other Financing Sources (Uses)</b>					
Transfer to other funds	12,500	12,500	-	12,500	-
Total Other Financing Sources	<u>12,500</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ (98,951)</u>	<u>\$ (86,451)</u>	<u>\$ (86,451)</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - WTP Efficiency Project**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual		Total To Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Technical service	363,000	-	-	-	363,000
Construction of Project	3,770,000	-	-	-	3,770,000
Loan closing	90,200	-	-	-	90,200
Contingency	377,000	-	-	-	377,000
Total Expenditures	<u>4,600,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,600,200</u>
<b>Other Financing Sources (Uses)</b>					
Revolving loan funds	4,510,000	-	-	-	(4,510,000)
Transfer to other funds	90,200	-	90,200	90,200	-
Total Other Financing Sources	<u>4,600,200</u>	<u>-</u>	<u>90,200</u>	<u>90,200</u>	<u>(4,510,000)</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,200</u>	<u>\$ 90,200</u>	<u>\$ 90,200</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water Construction Fund - Post Clearwell Chemical Feed Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Technical service	15,000	-	-	-	15,000
Construction of Project	336,000	-	-	-	336,000
Contingency Construction	-	-	-	-	-
Total Expenditures	<u>351,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,000</u>
<b>Other Financing Sources (Uses)</b>					
Transfer to other funds	351,000	-	351,000	351,000	-
Total Other Financing Sources	<u>351,000</u>	<u>-</u>	<u>351,000</u>	<u>351,000</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,000</u>	<u>\$ 351,000</u>	<u>\$ 351,000</u>

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Wastewater Treatment Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Operating Revenues</b>			
Charges for services			
Wholesale water treatment sales	\$ 4,700,000	\$ 7,327,532	\$ 2,627,532
Sewer sales	2,850,000	3,648,320	798,320
Sewer taps	-	1,100	1,100
Septic tank dumping	85,000	165,192	80,192
Acreage and assessment fee	-	-	-
Leachate Revenue	40,000	55,706	15,706
Pretreatment fees	10,000	5,520	(4,480)
Pump Station Fees	10,000	82,417	72,417
Total Operating Revenues	<u>7,695,000</u>	<u>11,285,787</u>	<u>3,590,787</u>
<b>Nonoperating Revenues (Expenditures)</b>			
System Development Fees	\$ 2,590,560	\$ 2,590,560	\$ -
Developer Contributions	-	2,455	2,455
Interest on investments	-	20,292	20,292
Sale of Assets	-	-	-
Capacity Fees	175,000	338,400	163,400
Capital Surcharge (GTI)	-	182,308	182,308
FEMA Grant	-	-	-
Insurance recovery	-	-	-
Miscellaneous	-	4,527	4,527
Total Nonoperating revenues (expenditures)	<u>2,765,560</u>	<u>3,138,542</u>	<u>372,982</u>
Total Revenues	<u>\$ 10,460,560</u>	<u>\$ 14,424,329</u>	<u>\$ 3,963,769</u>
<b>Other Expenditures</b>			
FEMA			
Salaries and employee benefits	\$ -	\$ -	\$ -
Other expenses	-	236,229	(236,229)
Total	<u>-</u>	<u>236,229</u>	<u>(236,229)</u>
Operations			
Salaries and employee benefits	\$ 108,310	\$ 99,074	\$ 9,236
Other expenses	350,800	287,713	63,087
Total	<u>459,110</u>	<u>386,787</u>	<u>72,323</u>
Wastewater treatment			
Salaries and employee benefits	\$ 787,470	\$ 768,650	\$ 18,820
Other expenses	2,590,100	1,608,296	981,804
Total	<u>3,377,570</u>	<u>2,376,946</u>	<u>1,000,624</u>
Wastewater transmission			
Salaries and employee benefits	\$ 547,140	\$ 535,237	\$ 11,903
Other expenses	1,020,474	865,156	155,318
Total	<u>1,567,614</u>	<u>1,400,393</u>	<u>167,221</u>

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Wastewater Treatment Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Laboratory services			
Salaries and employee benefits	\$ 156,887	\$ 151,512	\$ 5,375
Other expenses	63,150	60,630	2,520
Total	<u>220,037</u>	<u>212,142</u>	<u>7,895</u>
Retail sewer			
Salaries and employee benefits	\$ 64,708	\$ 61,716	\$ 2,992
Other expenses	601,700	481,807	119,893
Total	<u>666,408</u>	<u>543,523</u>	<u>122,885</u>
Capital Outlay	\$ <u>1,127,856</u>	\$ <u>317,410</u>	\$ <u>810,446</u>
Debt service			
Principal retirement	\$ 2,180,000	\$ 2,179,691	\$ 309
Interest	771,405	487,487	283,918
Total	<u>2,951,405</u>	<u>2,667,178</u>	<u>284,227</u>
Total operating expenditures	\$ <u>10,370,000</u>	\$ <u>8,140,608</u>	\$ <u>2,229,392</u>
Revenues over expenditures	\$ <u>90,560</u>	\$ <u>6,283,721</u>	\$ <u>6,193,161</u>
<b>Other Financing sources (uses)</b>			
Transfer to other funds	\$ (5,230,020)	\$ (5,230,020)	\$ -
Transfer from other funds	3,909	3,909	-
Fund balance appropriated	5,135,551	-	(5,135,551)
Total other financing sources (uses)	\$ <u>(90,560)</u>	\$ <u>(5,226,111)</u>	\$ <u>(5,135,551)</u>
Revenues and other sources over (under) expenditures	\$ <u>-</u>	1,057,610	\$ <u>1,057,610</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Capital outlay		317,410	
Debt service principal retirement		2,179,691	
Total OPEB liability		(501,712)	
Deferred outflows of resources - pensions		112,121	
Deferred outflows of resources - OPEB		425,784	
Net pension liability		(138,708)	
Deferred inflows of resources - pensions		4,106	
Deferred inflows of resources - OPEB		(80,593)	
Amortize Bond Premium		38,322	
Depreciation		(1,982,323)	
Restricted Intergovernmental from Projects (Ex D-7i)		18,000	
Transfers to (from) capital reserve fund (Ex D-7a)		2,590,560	
Transfer to project funds (Ex D-7d, D-7f, D-7j, D-7k, D-7l)		2,639,460	
Transfer from project funds (Ex D-7c)		<u>(3,909)</u>	
Change in net position		\$ <u>6,675,819</u>	

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater SDF Capital Reserve Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7a

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Other Financing sources (uses)</b>			
Transfer of System Development Fees	\$ 2,590,560	\$ 2,590,560	\$ -
Transfer to Capital Project Fund	(2,590,560)	(550,000)	(2,040,560)
Transfer for Capacity Purchase	-	-	-
Transfer for Debt Service Payments	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,040,560</u>	<u>(2,040,560)</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 2,040,560</u>	<u>\$ (2,040,560)</u>



**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - 2016 WWTP Expansion Study**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7b

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Technical Service	217,691	217,691	-	(217,691)	-	-
Total Expenditures	<u>217,691</u>	<u>217,691</u>	<u>-</u>	<u>(217,691)</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from (to) other funds	<u>217,691</u>	<u>221,600</u>	<u>(3,909)</u>	<u>(217,691)</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 3,909</u>	<u>\$ (3,909)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Biosolids Facilities Improvement**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7c

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Construction of project	260,000	-	-	-	-	260,000
Total Expenditures	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,000</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	260,000	260,000	-	-	260,000	-
Transfer to other funds	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>260,000</u>	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 260,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,000</u>	<u>\$ 260,000</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Buffalo WWPS Upgrade / Force Main**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	954,700	176,355	189,798	-	366,153	588,547
Construction	3,750,000	195	-	-	195	3,749,805
Loan Closing	88,100	-	-	-	-	88,100
Easements	30,000	-	-	-	-	30,000
Contingency Construction	375,000	-	-	-	-	375,000
Total Expenditures	5,197,800	176,550	189,798	-	366,348	4,831,452
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	792,800	150,000	642,800	-	792,800	-
State revolving loan fund	4,405,000	-	-	-	-	(4,405,000)
Total Other Financing Sources (Uses)	5,197,800	150,000	642,800	-	792,800	(4,405,000)
<b>Revenues and other sources over (under) expenditures</b>						
	\$ -	\$ (26,550)	\$ 453,002	\$ -	\$ 426,452	\$ 426,452

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Pine Level Wastewater Pump Station Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	24,321	16,998	1,400	-	18,398	5,923
Construction of Project	400,000	-	591	-	591	399,409
Easements	25,679	14,250	11,429	-	25,679	-
Total Expenditures	450,000	31,248	13,420	-	44,668	405,332
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	450,000	450,000	-	-	450,000	-
Total Other Financing Sources (Uses)	450,000	450,000	-	-	450,000	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ 418,752	\$ (13,420)	\$ -	\$ 405,332	\$ 405,332

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - McGee's Crossroads Sewer Upgrade**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	30,000	-	-	-	-	30,000
Construction of Project	5,110,000	-	6,150	-	6,150	5,103,850
Loan Closing	112,660	-	-	-	-	112,660
Easements	70,000	-	5,124	-	5,124	64,876
Contingency Construction	511,000	-	-	-	-	511,000
Total Expenditures	5,833,660	-	11,274	-	11,274	5,822,386
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	200,660	-	200,660	-	200,660	-
State revolving loan fund	5,633,000	-	-	-	-	(5,633,000)
Total Other Financing Sources (Uses)	5,833,660	-	200,660	-	200,660	(5,633,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 189,386	\$ -	\$ 189,386	\$ 189,386

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Swift Creek Interceptor**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical service	164,000	127,682	10,388	-	138,070	25,930
Construction of Project	3,045,801	-	1,334,754	-	1,334,754	1,711,047
Loan Closing	63,760	-	63,760	-	63,760	-
Easements	100,000	91,290	-	-	91,290	8,710
Contingency Construction	95,800	-	-	-	-	95,800
Total Expenditures	3,469,361	218,972	1,408,902	-	1,627,874	1,841,487
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	281,354	281,354	-	-	281,354	-
State revolving loan fund	3,188,007	-	1,447,744	-	1,447,744	(1,740,263)
Total Other Financing Sources (Uses)	3,469,361	281,354	1,447,744	-	1,729,098	(1,740,263)
<b>Revenues and other sources over (under) expenditures</b>						
	\$ -	\$ 62,382	\$ 38,842	\$ -	\$ 101,224	\$ 101,224

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water and Sewer Construction Fund - WWTP 4MGD Expansion**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7h

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	3,366,000	136,588	829,170	-	965,758	2,400,242
Construction of Project	32,670,000	-	-	-	-	32,670,000
Loan Closing	783,000	-	-	-	-	783,000
Contingency Construction	3,114,000	-	-	-	-	3,114,000
Total Expenditures	39,933,000	136,588	829,170	-	965,758	38,967,242
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	783,000	783,000	-	-	783,000	-
Revolving Loan	39,150,000	-	-	-	-	(39,150,000)
Total Other Financing Sources (Uses)	39,933,000	783,000	-	-	783,000	(39,150,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ 646,412	\$ (829,170)	\$ -	\$ (182,758)	\$ (182,758)

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Selma Equalization & WWPS Facilities**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7i

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Restricted intergovernmental	\$ 1,060,000	\$ -	\$ 18,000	\$ -	\$ 18,000	\$ (1,042,000)
Total Revenues	<u>1,060,000</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>(1,042,000)</u>
<b>Expenditures</b>						
Technical Service	207,000	-	22,796	-	22,796	184,204
Construction of Project	775,000	-	-	-	-	775,000
Loan Closing	-	-	-	-	-	-
Contingency Construction	78,000	-	-	-	-	78,000
Total Expenditures	<u>1,060,000</u>	<u>-</u>	<u>22,796</u>	<u>-</u>	<u>22,796</u>	<u>1,037,204</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	-	-	-	-	-	-
State Revolving Loan Fund	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,796)</u>	<u>\$ -</u>	<u>\$ (4,796)</u>	<u>\$ (4,796)</u>



**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - 20" 70 BUS / 70 Bypass Force Main**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7j

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	150,000	-	128,170	-	128,170	21,830
Construction of Project	1,500,000	-	-	-	-	1,500,000
Contingency Construction	146,000	-	-	-	-	146,000
Total Expenditures	1,796,000	-	128,170	-	128,170	1,667,830
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	1,796,000	-	1,796,000	-	1,796,000	-
Total Other Financing Sources (Uses)	1,796,000	-	1,796,000	-	1,796,000	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 1,667,830	\$ -	\$ 1,667,830	\$ 1,667,830

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - East Clayton WWPS Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-7k

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>						
Technical Service	200,000	-	-	-	-	200,000
Construction of Project	-	-	-	-	-	-
Contingency Construction	-	-	-	-	-	-
Total Expenditures	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	200,000	-	200,000	-	200,000	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Wastewater Construction Fund - Landfill Equalization & WWPS Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-71

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	350,000	-	-	-	-	350,000
Construction of Project	-	-	-	-	-	-
Contingency Construction	-	-	-	-	-	-
Total Expenditures	350,000	-	-	-	-	350,000
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	350,000	-	350,000	-	350,000	-
Total Other Financing Sources (Uses)	350,000	-	350,000	-	350,000	-
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000	\$ 350,000

**Johnston County, North Carolina**  
**Enterprise Funds - Public Utilities Funds**  
**Combined Water District Operating Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Operating Revenues</b>			
Charges for services			
Water sales	\$ 5,264,696	\$ 5,289,392	\$ 24,696
Water tap fees	-	-	-
Assessment fees	-	-	-
Reconnect fees	-	(8,295)	(8,295)
New meter fees	425,000	503,127	78,127
Monthly base fees	8,000,000	8,964,880	964,880
Total Operating Revenues	<u>13,689,696</u>	<u>14,749,104</u>	<u>1,059,408</u>
<b>Nonoperating Revenues</b>			
Investment Earnings	\$ -	\$ 29,284	\$ 29,284
System Development Fees	1,886,700	1,886,700	-
Rents and Concessions	30,000	30,414	414
FEMA Grant Reimbursements	-	29,289	29,289
Miscellaneous	-	39,659	39,659
Total Nonoperating revenues	<u>1,916,700</u>	<u>2,015,346</u>	<u>98,646</u>
Total Revenues	<u>\$ 15,606,396</u>	<u>\$ 16,764,450</u>	<u>\$ 1,158,054</u>
<b>Expenditures</b>			
Service meters	\$ 875,000	\$ 869,077	\$ 5,923
Water purchase	4,669,325	4,333,796	335,529
Contract service	2,969,325	2,411,846	557,479
Administrative Cost	6,013,650	3,145,630	2,868,020
Debt service:			
Principal retirement	1,630,000	1,629,689	311
Interest	2,837,599	2,495,653	341,946
Total	<u>18,994,899</u>	<u>14,885,691</u>	<u>4,109,208</u>
Revenues over expenditures	<u>\$ (3,388,503)</u>	<u>\$ 1,878,759</u>	<u>\$ 5,267,262</u>
<b>Other Financing Sources (Uses)</b>			
Transfers From other Funds	\$ -	\$ -	\$ -
Transfers to other Funds	(4,260,305)	(4,010,305)	250,000
Fund Balance Appropriated	7,648,808	-	(7,648,808)
Total other financing sources (uses)	<u>\$ 3,388,503</u>	<u>\$ (4,010,305)</u>	<u>\$ (7,398,808)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(2,131,546)</u>	<u>\$ (2,131,546)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis</b>			
Debt service principal retirement		1,629,689	
Capacity Fees		3,250,000	
Amortize Bond Premium		151,679	
Depreciation		(2,301,185)	
Amortization		(559,847)	
Transfer to (from) capital reserve funds (Ex D-8a)		1,886,700	
Transfer to project funds (Ex D-8b, 8c, 8d, 8e, 8f, 8g)		<u>260,158</u>	
Change in net position		<u>\$ 2,185,648</u>	

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District SDF Capital Reserve Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8a

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Other Financing sources (uses)</b>			
Transfer of System Development Fees	\$ 1,886,700	\$ 1,886,700	\$ -
Transfer to Capital Project Fund	-	-	-
Transfer for Capacity Purchase	(1,886,700)	-	(1,886,700)
Transfer for Debt Service Payments	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,886,700</u>	<u>(1,886,700)</u>
<b>Revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,886,700</u>	<u>\$ (1,886,700)</u>

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - Elevation Water District FY 18 Hydraulic Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8b

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	265,790	26,575	100,638	-	127,213	138,577
Construction of Project	1,157,919	-	-	-	-	1,157,919
Loan Closing	30,000	-	30,000	-	30,000	-
Easements	18,400	-	5,815	-	5,815	12,585
Contingency Construction	57,891	-	-	-	-	57,891
Total Expenditures	1,530,000	26,575	136,453	-	163,028	1,366,972
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	30,000	30,000	-	-	30,000	-
State Revolving Loan	1,500,000	-	-	-	-	(1,500,000)
Total Other Financing Sources (Uses)	1,530,000	30,000	-	-	30,000	(1,500,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ 3,425	\$ (136,453)	\$ -	\$ (133,028)	\$ (133,028)

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - Buffalo Water District FY 18 Hydraulic Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8c

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	203,664	88,639	88,183	-	176,822	26,842
Construction of Project	2,252,760	-	-	-	-	2,252,760
Loan Closing	50,600	-	50,600	-	50,600	-
Easements	11,080	-	11,071	-	11,071	9
Contingency Construction	74,976	-	-	-	-	74,976
Total Expenditures	2,593,080	88,639	149,854	-	238,493	2,354,587
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	63,080	46,000	17,080	-	63,080	-
State Revolving Loan	2,530,000	-	-	-	-	(2,530,000)
Total Other Financing Sources (Uses)	2,593,080	46,000	17,080	-	63,080	(2,530,000)
<b>Revenues and other sources over (under) expenditures</b>						
	\$ -	\$ (42,639)	\$ (132,774)	\$ -	\$ (175,413)	\$ (175,413)

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - Wilson's Mills Water District FY 18 Hydraulic Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8d

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	170,000	96,323	42,327	-	138,650	31,350
Construction of Project	2,328,255	-	-	-	-	2,328,255
Loan Closing	49,940	-	49,940	-	49,940	-
Easements	150	-	150	-	150	-
Contingency Construction	96,413	-	-	-	-	96,413
Total Expenditures	2,644,758	96,323	92,417	-	188,740	2,456,018
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	147,758	75,400	72,358	-	147,758	-
State Revolving Loan	2,497,000	-	-	-	-	(2,497,000)
Total Other Financing Sources (Uses)	2,644,758	75,400	72,358	-	147,758	(2,497,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ (20,923)	\$ (20,059)	\$ -	\$ (40,982)	\$ (40,982)



**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - Wilson's Mills Water District WTP Service Line**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8e

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	325,800	136,963	163,469	-	300,432	25,368
Construction of Project	4,000,000	-	-	-	-	4,000,000
Loan Closing	94,000	-	-	-	-	94,000
Easements	50,000	-	7,523	-	7,523	42,477
Contingency Construction	230,200	-	-	-	-	230,200
Total Expenditures	4,700,000	136,963	170,992	-	307,955	4,392,045
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	-	-	-	-	-	-
State Revolving Loan	4,700,000	-	-	-	-	(4,700,000)
Total Other Financing Sources (Uses)	4,700,000	-	-	-	-	(4,700,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ (136,963)	\$ (170,992)	\$ -	\$ (307,955)	\$ (307,955)

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - Ingram's Water District 2018 Hydraulic Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8f

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	203,800	-	53,125	-	53,125	150,675
Construction of Project	2,442,000	-	-	-	-	2,442,000
Loan Closing	59,000	-	-	-	-	59,000
Easements	60,000	-	-	-	-	60,000
Contingency Construction	244,200	-	-	-	-	244,200
Total Expenditures	3,009,000	-	53,125	-	53,125	2,955,875
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	59,000	-	59,000	-	59,000	-
State Revolving Loan	2,950,000	-	-	-	-	(2,950,000)
Total Other Financing Sources (Uses)	3,009,000	-	59,000	-	59,000	(2,950,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 5,875	\$ -	\$ 5,875	\$ 5,875

**Johnston County, North Carolina**  
**Public Utilities Capital Project Fund**  
**Water District Construction Fund - McGee's Water District Ph 1 & 2 - NC 210 WM Improvements**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

Exhibit D-8g

	Project Authorization	Actual			Total To Date	Variance Positive (Negative)
		Prior Years	Current Year	Completed Project		
<b>Revenues</b>						
Rural Center Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CWMTF Grant	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-
<b>Expenditures</b>						
Technical Service	350,630	-	74,911	-	74,911	275,719
Construction of Project	4,793,070	-	-	-	-	4,793,070
Loan Closing	111,720	-	-	-	-	111,720
Easements	20,000	-	-	-	-	20,000
Contingency Construction	422,300	-	-	-	-	422,300
Total Expenditures	5,697,720	-	74,911	-	74,911	5,622,809
<b>Other Financing Sources (Uses)</b>						
Transfer from other funds	111,720	-	111,720	-	111,720	-
State Revolving Loan	5,586,000	-	-	-	-	(5,586,000)
Total Other Financing Sources (Uses)	5,697,720	-	111,720	-	111,720	(5,586,000)
<b>Revenues and other sources over (under) expenditures</b>	\$ -	\$ -	\$ 36,809	\$ -	\$ 36,809	\$ 36,809

**Johnston County, North Carolina**  
**Section 8 Housing Assistance Payments Fund**  
**Project No. NC19-V164-006**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**

	2019		Variance Positive (Negative)
	Budget	Actual	
<b>Revenues</b>			
Nonoperating revenues			
Operating subsidy - HUD	\$ 4,273,100	\$ 3,999,831	\$ (273,269)
Investment earnings	8,000	7,006	(994)
Fraud recovery	8,000	35,662	27,662
Other	135,000	19,746	(115,254)
Total Revenues	<u>\$ 4,424,100</u>	<u>\$ 4,062,245</u>	<u>\$ (361,855)</u>
<b>Expenditures</b>			
Administration			
Salaries and benefits	\$ 407,500	\$ 357,766	\$ 49,734
Operating expenditures	61,600	61,509	91
Total administration	<u>469,100</u>	<u>419,275</u>	<u>49,825</u>
Housing assistance payments	<u>\$ 3,955,000</u>	<u>\$ 3,622,959</u>	<u>\$ 332,041</u>
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ 4,424,100</u>	<u>\$ 4,042,234</u>	<u>\$ 381,866</u>
Other Financing Sources (Uses)			
Transfer from General Funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	20,011	<u>\$ 20,011</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis			
Capital Outlay		-	
Total OPEB Liability		(29,069)	
Deferred outflows of resources - pensions		23,744	
Deferred outflows of resources - OPEB		73,659	
Net pension liability		(32,336)	
Deferred inflows of resources - pensions		957	
Deferred inflows of resources - OPEB		(4,669)	
Depreciation		<u>(9,745)</u>	
Change in net position		<u>\$ 42,552</u>	

## **WATER DISTRICTS - CONSOLIDATING INFORMATION**

---

USDA has requested that the County break out each water district separately. The County only has one water district operating fund. See Note 24 for additional information concerning the following schedules.

---

**Johnston County, North Carolina**  
**Statement of Net Position - Combined Water District Operating Fund**  
**Proprietary Funds**  
**June 30, 2019**

	Archer's Lodge Water District	Brodgen Water District	Buffalo Water District	Clayton Water District	Cleveland Water District	Elevation Water District	Hopewell- Pisgah Water District	Ingrams Township Water District	Little Creek Water District
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 728,787	\$ 488,076	\$ 564,466	\$ 465,891	\$ 2,583,477	\$ 378,343	\$ 804,217	\$ 313,141	\$ 845,260
Restricted cash	211,021	164,519	231,688	134,899	748,050	148,068	232,863	107,526	244,747
Receivables (net):									
Accounts	172,282	115,379	174,904	110,135	610,723	120,886	190,113	72,636	199,816
Interest	6	4	6	4	22	4	7	3	7
Due from other funds	-	-	-	-	4,959,337	-	617,561	-	-
Due from other governments	3,854	2,581	3,913	2,464	13,663	2,704	4,253	1,625	4,470
Total current assets	<u>1,115,950</u>	<u>770,559</u>	<u>974,977</u>	<u>713,393</u>	<u>8,915,272</u>	<u>650,005</u>	<u>1,849,014</u>	<u>494,931</u>	<u>1,294,300</u>
Noncurrent assets:									
Capital assets, net	5,149,175	5,575,140	5,815,158	3,012,081	5,994,220	5,803,752	3,914,738	3,890,764	3,864,207
Total noncurrent assets	<u>5,149,175</u>	<u>5,575,140</u>	<u>5,815,158</u>	<u>3,012,081</u>	<u>5,994,220</u>	<u>5,803,752</u>	<u>3,914,738</u>	<u>3,890,764</u>	<u>3,864,207</u>
Total assets	<u>\$ 6,265,125</u>	<u>\$ 6,345,699</u>	<u>\$ 6,790,135</u>	<u>\$ 3,725,474</u>	<u>\$ 14,909,492</u>	<u>\$ 6,453,757</u>	<u>\$ 5,763,752</u>	<u>\$ 4,385,695</u>	<u>\$ 5,158,507</u>
<b>Liabilities</b>									
Current liabilities:									
Accounts payable and accrued liabilities	\$ 3,783	\$ 2,534	\$ 3,841	\$ 2,419	\$ 13,412	\$ 2,655	\$ 4,175	\$ 1,595	\$ 4,388
Due to other funds	135,786	799,354	287,121	331,383	-	354,281	-	352,371	16,929
Current maturities of long-term debt	10,379	88,757	13,724	5,865	15,484	13,427	5,904	15,197	6,006
Due to the County (LOBs)	140,000	85,000	40,000	110,000	175,000	70,000	75,000	50,000	115,000
Utility deposits	87,065	58,309	88,391	55,658	308,638	61,091	96,077	36,708	100,980
Accrued interest	15,728	19,735	14,559	9,651	20,171	12,460	6,406	15,684	12,234
Total current liabilities	<u>392,741</u>	<u>1,053,689</u>	<u>447,636</u>	<u>514,976</u>	<u>532,705</u>	<u>513,914</u>	<u>187,562</u>	<u>471,555</u>	<u>255,537</u>
Long-term liabilities:									
Long-term debt	187,277	876,624	461,908	95,919	277,985	239,453	91,389	502,623	118,387
Due to the County (LOBs)	4,060,000	2,410,000	2,235,000	2,450,000	5,240,000	3,125,000	1,635,000	2,415,000	3,130,000
Total long-term liabilities	<u>4,247,277</u>	<u>3,286,624</u>	<u>2,696,908</u>	<u>2,545,919</u>	<u>5,517,985</u>	<u>3,364,453</u>	<u>1,726,389</u>	<u>2,917,623</u>	<u>3,248,387</u>
Total liabilities	<u>\$ 4,640,018</u>	<u>\$ 4,340,313</u>	<u>\$ 3,144,544</u>	<u>\$ 3,060,895</u>	<u>\$ 6,050,690</u>	<u>\$ 3,878,367</u>	<u>\$ 1,913,951</u>	<u>\$ 3,389,178</u>	<u>\$ 3,503,924</u>
<b>Net Position</b>									
Net investment in capital assets	751,519	2,114,759	3,064,526	350,297	285,751	2,355,872	2,107,445	907,944	494,814
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	873,588	(109,373)	581,065	314,282	8,573,051	219,518	1,742,356	88,573	1,159,769
Total net position	<u>\$ 1,625,107</u>	<u>\$ 2,005,386</u>	<u>\$ 3,645,591</u>	<u>\$ 664,579</u>	<u>\$ 8,858,802</u>	<u>\$ 2,575,390</u>	<u>\$ 3,849,801</u>	<u>\$ 996,517</u>	<u>\$ 1,654,583</u>

**Johnston County, North Carolina**  
**Statement of Net Position - Combined Water District Operating Fund**  
**Proprietary Funds**  
**June 30, 2019**

	Little River Water District	McGee's Crossroads Water District	Meadow Water District	O'Neals Water District	Princeton-Kenly Water District	Southeast Lowgrounds Water District	Wilson's Mills Water District	Total Operating Fund
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents	\$ 432,613	\$ 1,649,680	\$ 338,326	\$ 344,981	\$ 328,342	\$ 174,155	\$ 38,196	\$ 10,477,951
Restricted cash	125,264	467,009	121,433	114,267	112,618	50,427	112,095	3,326,494
Receivables (net):								
Accounts	102,268	381,277	79,979	81,552	77,619	41,169	91,517	2,622,255
Interest	4	14	3	2	3	1	3	93
Due from other funds	-	1,362,303	-	-	-	-	931,404	7,870,605
Due from other governments	2,288	8,531	1,789	1,824	1,736	921	2,047	58,663
Total current assets	<u>662,437</u>	<u>3,868,814</u>	<u>541,530</u>	<u>542,626</u>	<u>520,318</u>	<u>266,673</u>	<u>1,175,262</u>	<u>24,356,061</u>
<b>Noncurrent assets:</b>								
Capital assets, net	10,003,944	6,832,749	4,879,046	9,713,248	3,550,803	1,692,430	1,793,101	81,484,556
Total noncurrent assets	<u>10,003,944</u>	<u>6,832,749</u>	<u>4,879,046</u>	<u>9,713,248</u>	<u>3,550,803</u>	<u>1,692,430</u>	<u>1,793,101</u>	<u>81,484,556</u>
Total assets	<u>\$ 10,666,381</u>	<u>\$ 10,701,563</u>	<u>\$ 5,420,576</u>	<u>\$ 10,255,874</u>	<u>\$ 4,071,121</u>	<u>\$ 1,959,103</u>	<u>\$ 2,968,363</u>	<u>\$ 105,840,617</u>
<b>Liabilities</b>								
<b>Current liabilities:</b>								
Accounts payable and accrued liabilities	\$ 2,246	\$ 8,373	\$ 1,756	\$ 1,791	\$ 1,705	\$ 904	\$ 2,010	\$ 57,587
Due to other funds	3,279,635	-	341,476	2,463,933	136,813	1,865,769	-	10,364,851
Current maturities of long-term debt	25,519	12,430	16,986	28,032	9,102	3,527	2,484	272,823
Due to the County (LOBs)	160,000	195,000	55,000	180,000	65,000	35,000	35,000	1,585,000
Utility deposits	51,683	192,682	40,418	41,214	39,226	20,806	46,249	1,325,195
Accrued interest	27,819	20,515	17,498	28,688	13,584	292	4,320	239,344
Total current liabilities	<u>3,546,902</u>	<u>429,000</u>	<u>473,134</u>	<u>2,743,658</u>	<u>265,430</u>	<u>1,926,298</u>	<u>90,063</u>	<u>13,844,800</u>
<b>Long-term liabilities:</b>								
Long-term debt	484,868	220,678	593,230	698,325	375,154	3,527	47,200	5,274,547
Due to the County (LOBs)	7,380,000	5,270,000	2,430,000	6,190,000	1,875,000	35,000	1,115,000	50,995,000
Total long-term liabilities	<u>7,864,868</u>	<u>5,490,678</u>	<u>3,023,230</u>	<u>6,888,325</u>	<u>2,250,154</u>	<u>38,527</u>	<u>1,162,200</u>	<u>56,269,547</u>
Total liabilities	<u>\$ 11,411,770</u>	<u>\$ 5,919,678</u>	<u>\$ 3,496,364</u>	<u>\$ 9,631,983</u>	<u>\$ 2,515,584</u>	<u>\$ 1,964,825</u>	<u>\$ 1,252,263</u>	<u>\$ 70,114,347</u>
<b>Net Position</b>								
Net investment in capital assets	1,953,557	1,134,641	1,783,830	2,616,891	1,226,547	1,615,376	593,417	23,357,186
Restricted	-	-	-	-	-	-	-	-
Unrestricted	(2,698,946)	3,647,244	140,382	(1,993,000)	328,990	(1,621,098)	1,122,683	12,369,084
Total net position	<u>\$ (745,389)</u>	<u>\$ 4,781,885</u>	<u>\$ 1,924,212</u>	<u>\$ 623,891</u>	<u>\$ 1,555,537</u>	<u>\$ (5,722)</u>	<u>\$ 1,716,100</u>	<u>\$ 35,726,270</u>

**Johnston County, North Carolina**  
**Schedule of Revenues and Expenditures - Combined Water District Operating Fund**  
**Proprietary Funds**  
**June 30, 2019**

	<u>Archer's Lodge Water District</u>	<u>Brodgen Water District</u>	<u>Buffalo Water District</u>	<u>Clayton Water District</u>	<u>Cleveland Water District</u>	<u>Elevation Water District</u>	<u>Hopewell- Pisgah Water District</u>	<u>Ingrams Township Water District</u>	<u>Little Creek Water District</u>
Operating revenues:									
Charges for services	\$ 969,016	\$ 648,961	\$ 983,765	\$ 619,462	\$ 3,435,066	\$ 679,934	\$ 1,069,310	\$ 408,550	\$ 1,123,882
Water and sewer taps	-	-	-	-	-	-	-	-	-
Total operating revenues	<u>969,016</u>	<u>648,961</u>	<u>983,765</u>	<u>619,462</u>	<u>3,435,066</u>	<u>679,934</u>	<u>1,069,310</u>	<u>408,550</u>	<u>1,123,882</u>
Operating expenses:									
General operating	493,430	330,455	500,940	315,435	1,749,160	346,227	544,500	208,037	572,289
Depreciation and amortization	203,816	205,679	176,309	116,990	229,272	190,968	151,390	141,082	128,324
Total operating expenses	<u>697,246</u>	<u>536,134</u>	<u>677,249</u>	<u>432,425</u>	<u>1,978,432</u>	<u>537,195</u>	<u>695,890</u>	<u>349,119</u>	<u>700,613</u>
Operating income	<u>\$ 271,770</u>	<u>\$ 112,827</u>	<u>\$ 306,516</u>	<u>\$ 187,037</u>	<u>\$ 1,456,634</u>	<u>\$ 142,739</u>	<u>\$ 373,420</u>	<u>\$ 59,431</u>	<u>\$ 423,269</u>
Nonoperating revenues (expenses):									
Restricted intergovernmental	\$ 1,924	\$ 1,289	\$ 1,954	\$ 1,230	\$ 6,821	\$ 1,350	\$ 2,123	\$ 811	\$ 2,232
System Development Fees	123,956	83,015	125,843	79,241	439,412	86,977	136,786	52,262	143,767
Investment earnings	1,924	1,288	1,953	1,230	6,820	1,350	2,123	811	2,231
Late fees collected	-	-	-	-	-	-	-	-	-
Miscellaneous	4,604	3,083	4,674	2,943	16,320	3,230	5,080	1,941	5,340
Interest and fees	(183,308)	(141,851)	(105,455)	(113,797)	(232,799)	(135,321)	(73,538)	(114,623)	(144,833)
Total nonoperating revenues (expenses)	<u>(50,900)</u>	<u>(53,176)</u>	<u>28,969</u>	<u>(29,153)</u>	<u>236,574</u>	<u>(42,414)</u>	<u>72,574</u>	<u>(58,798)</u>	<u>8,737</u>
Revenues over (under) expenditures	<u>\$ 220,870</u>	<u>\$ 59,651</u>	<u>\$ 335,485</u>	<u>\$ 157,884</u>	<u>\$ 1,693,208</u>	<u>\$ 100,325</u>	<u>\$ 445,994</u>	<u>\$ 633</u>	<u>\$ 432,006</u>
Other Financing Sources (Uses)									
Transfers in	\$ -	\$ -	\$ 17,080	\$ -	\$ -	\$ -	\$ -	\$ 59,000	\$ -
Transfers out	(122,428)	(81,992)	(141,372)	(78,265)	(433,997)	(85,905)	(135,100)	(110,617)	(141,995)
Capital Contributions	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(122,428)</u>	<u>(81,992)</u>	<u>(124,292)</u>	<u>(78,265)</u>	<u>(433,997)</u>	<u>(85,905)</u>	<u>(135,100)</u>	<u>(51,617)</u>	<u>(141,995)</u>
Change in net position	<u>\$ 98,442</u>	<u>\$ (22,341)</u>	<u>\$ 211,193</u>	<u>\$ 79,619</u>	<u>\$ 1,259,211</u>	<u>\$ 14,420</u>	<u>\$ 310,894</u>	<u>\$ (50,984)</u>	<u>\$ 290,011</u>
Net position, beginning	1,526,665	2,027,727	3,434,398	584,960	7,599,591	2,560,970	3,538,907	1,047,501	1,364,572
Prior period adjustment	-	-	-	-	-	-	-	-	-
Total net position - beginning (as restated)	<u>1,526,665</u>	<u>2,027,727</u>	<u>3,434,398</u>	<u>584,960</u>	<u>7,599,591</u>	<u>2,560,970</u>	<u>3,538,907</u>	<u>1,047,501</u>	<u>1,364,572</u>
Net position, ending	<u>\$ 1,625,107</u>	<u>\$ 2,005,386</u>	<u>\$ 3,645,591</u>	<u>\$ 664,579</u>	<u>\$ 8,858,802</u>	<u>\$ 2,575,390</u>	<u>\$ 3,849,801</u>	<u>\$ 996,517</u>	<u>\$ 1,654,583</u>



**Johnston County, North Carolina**  
**Schedule of Revenues and Expenditures - Combined Water District Operating Fund**  
**Proprietary Funds**  
**June 30, 2019**

	Little River Water District	McGee's Crossroads Water District	Meadow Water District	O'Neals Water District	Princeton-Kenly Water District	Southeast Lowgrounds Water District	Wilson's Mills Water District	Operating Fund
<b>Operating revenues:</b>								
Charges for services	\$ 575,215	\$ 2,144,520	\$ 449,848	\$ 458,697	\$ 436,573	\$ 231,561	\$ 514,744	\$ 14,749,104
Water and sewer taps	-	-	-	-	-	-	-	-
Total operating revenues	<u>575,215</u>	<u>2,144,520</u>	<u>449,848</u>	<u>458,697</u>	<u>436,573</u>	<u>231,561</u>	<u>514,744</u>	<u>14,749,104</u>
<b>Operating expenses:</b>								
General operating	292,904	1,092,005	229,066	233,572	222,306	117,912	262,111	7,510,349
Depreciation and amortization	323,952	249,248	173,741	305,633	145,777	67,311	51,540	2,861,032
Total operating expenses	<u>616,856</u>	<u>1,341,253</u>	<u>402,807</u>	<u>539,205</u>	<u>368,083</u>	<u>185,223</u>	<u>313,651</u>	<u>10,371,381</u>
Operating income	\$ <u>(41,641)</u>	\$ <u>803,267</u>	\$ <u>47,041</u>	\$ <u>(80,508)</u>	\$ <u>68,490</u>	\$ <u>46,338</u>	\$ <u>201,093</u>	\$ <u>4,377,723</u>
<b>Nonoperating revenues (expenses):</b>								
Restricted intergovernmental	\$ 1,142	\$ 4,260	\$ 893	\$ 911	\$ 867	\$ 460	\$ 1,022	\$ 29,289
System Development Fees	73,581	274,327	57,544	58,676	55,846	29,621	65,846	1,886,700
Investment earnings	1,142	4,259	893	911	867	460	1,022	29,284
Late fees collected	-	-	-	-	-	-	-	-
Miscellaneous	2,733	10,189	2,137	2,179	2,074	1,100	2,446	70,073
Interest and fees	(313,622)	(240,032)	(118,429)	(275,481)	(99,175)	(1,073)	(50,637)	(2,343,974)
Total nonoperating revenues (expenses)	<u>(235,024)</u>	<u>53,003</u>	<u>(56,962)</u>	<u>(212,804)</u>	<u>(39,521)</u>	<u>30,568</u>	<u>19,699</u>	<u>(328,628)</u>
Revenues over (under) expenditures	\$ <u>(276,665)</u>	\$ <u>856,270</u>	\$ <u>(9,921)</u>	\$ <u>(293,312)</u>	\$ <u>28,969</u>	\$ <u>76,906</u>	\$ <u>220,792</u>	\$ <u>4,049,095</u>
<b>Other Financing Sources (Uses)</b>								
Transfers in	\$ -	\$ 111,720	\$ -	\$ -	\$ -	\$ -	\$ 72,358	\$ 260,158
Transfers out	(72,674)	(382,666)	(56,835)	(57,953)	(55,158)	(29,256)	(137,392)	(2,123,605)
Capital Contributions	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(72,674)</u>	<u>(270,946)</u>	<u>(56,835)</u>	<u>(57,953)</u>	<u>(55,158)</u>	<u>(29,256)</u>	<u>(65,034)</u>	<u>(1,863,447)</u>
Change in net position	\$ <u>(349,339)</u>	\$ <u>585,324</u>	\$ <u>(66,756)</u>	\$ <u>(351,265)</u>	\$ <u>(26,189)</u>	\$ <u>47,650</u>	\$ <u>155,758</u>	\$ <u>2,185,648</u>
Net position, beginning	(396,050)	4,196,561	1,990,968	975,156	1,581,726	(53,372)	1,560,342	33,540,622
Prior period adjustment	-	-	-	-	-	-	-	-
Total net position - beginning (as restated)	<u>(396,050)</u>	<u>4,196,561</u>	<u>1,990,968</u>	<u>975,156</u>	<u>1,581,726</u>	<u>(53,372)</u>	<u>1,560,342</u>	<u>33,540,622</u>
Net position, ending	\$ <u><u>(745,389)</u></u>	\$ <u><u>4,781,885</u></u>	\$ <u><u>1,924,212</u></u>	\$ <u><u>623,891</u></u>	\$ <u><u>1,555,537</u></u>	\$ <u><u>(5,722)</u></u>	\$ <u><u>1,716,100</u></u>	\$ <u><u>35,726,270</u></u>

## **AGENCY FUNDS**

---

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

---

**Johnston County, North Carolina**  
**Agency Funds**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2019**

	Motor Vehicles Trust Fund	Social Services Trust Fund	Cooperative Extension Advisory	4H Development Fund	Youth Livestock Fund	Totals June 30, 2019
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 279,820	\$ 46,418	\$ 22,379	\$ 138,745	\$ 487,362
Due from other Governments	381,985	-	4,010	79	418	386,492
Total assets	<u>\$ 381,985</u>	<u>\$ 279,820</u>	<u>\$ 50,428</u>	<u>\$ 22,458</u>	<u>\$ 139,163</u>	<u>\$ 873,854</u>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Accounts payable	\$ -	\$ 279,820	\$ -	\$ -	\$ -	\$ 279,820
Due from other funds	-	-	-	-	-	-
Due to other governments	381,985	-	33,064	22,458	139,163	576,670
Total liabilities	<u>\$ 381,985</u>	<u>\$ 279,820</u>	<u>\$ 33,064</u>	<u>\$ 22,458</u>	<u>\$ 139,163</u>	<u>\$ 856,490</u>

**Johnston County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2019**

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<b>Motor Vehicles Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other governments	1,138,364	18,906,540	19,662,919	381,985
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	1,138,364	19,662,919	18,906,540	381,985
<b>Social Services Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ 230,824	\$ 339,647	\$ 290,651	\$ 279,820
Liabilities:				
Accounts payable	\$ 230,824	\$ 290,651	\$ 339,647	\$ 279,820
<b>Cooperative Extension Advisory</b>				
Assets:				
Cash and cash equivalents	\$ 38,445	\$ 77,098	\$ 69,125	\$ 46,418
Due from other governments	3,301	4,009	3,300	4,010
Liabilities:				
Due to other governments	\$ 41,746	\$ 72,425	\$ 81,107	\$ 33,064
<b>4H Development Fund</b>				
Assets:				
Cash and cash equivalents	\$ 12,552	\$ 23,351	\$ 13,524	\$ 22,379
Due from other governments	88	79	88	79
Liabilities:				
Due to other governments	\$ 12,640	\$ 13,612	\$ 23,430	\$ 22,458
<b>Youth Livestock Fund</b>				
Assets:				
Cash and cash equivalents	\$ 53,431	\$ 169,273	\$ 83,959	\$ 138,745
Due from other governments	483	418	483	418
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other governments	53,914	84,442	169,691	139,163
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 335,252	\$ 609,369	\$ 457,259	\$ 487,362
Due from other governments	1,142,236	18,911,046	19,666,790	386,492
Total assets	\$ 1,477,488	\$ 19,520,415	\$ 20,124,049	\$ 873,854
Liabilities:				
Accounts payable	\$ 230,824	\$ 290,651	\$ 339,647	\$ 279,820
Due to other funds	-	-	-	-
Due to other governments	1,246,664	19,833,398	19,180,768	594,034
Total liabilities	\$ 1,477,488	\$ 20,124,049	\$ 19,520,415	\$ 873,854

## **OTHER SCHEDULES**

---

This section includes additional information on property taxes.

---

**Johnston County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended 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	\$ -	\$ 133,224,309	\$ 133,079,095	\$ 145,214
2017-2018	119,243	-	47,398	71,845
2016-2017	19,119	-	7,110	12,009
2015-2016	14,130	-	3,726	10,404
2014-2015	13,688	-	3,248	10,440
2013-2014	54,050	-	2,907	51,143
2012-2013	84,628	-	1,297	83,331
2011-2012	90,881	-	4,348	86,533
2010-2011	77,465	-	298	77,167
2009-2010	84,574	-	145	84,429
2008-2009	75,596	-	75,596	-
	<u>\$ 633,374</u>	<u>\$ 133,224,309</u>	<u>\$ 133,225,168</u>	<u>\$ 632,515</u>
				Less: allowance General Fund
				<u>537,000</u>
				Ad valorem taxes General Fund
				<u>\$ 95,515</u>
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund
				\$ 132,934,340
				Reconciling items:
				Interest collected
				(281,072)
				Releases and adjustments
				(5,833)
				NCVTS Collection Cost
				502,187
				Taxes written off
				75,546
				<u>Total reconciling items</u>
				<u>290,828</u>
				Total collections and credits
				<u>\$ 133,225,168</u>

**Johnston County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
General Fund - Real property	\$ 13,291,632,728	0.78	\$ 103,674,735	\$ 103,674,735	\$ -
General Fund - Personal property	1,420,814,936	0.78	11,082,357	11,082,357	-
General Fund - Motor vehicles	1,961,914,872	0.78	15,302,936	-	15,302,936
Penalties	-		113,628	113,628	-
Total	<u>\$ 16,674,362,536</u>		<u>\$ 130,173,656</u>	<u>\$ 114,870,720</u>	<u>\$ 15,302,936</u>
Public service levy:					
General Fund - Real property	345,122,249	0.78	2,691,954	2,691,954	-
Total	<u>\$ 345,122,249</u>		<u>\$ 2,691,954</u>	<u>\$ 2,691,954</u>	<u>\$ -</u>
Discoveries:					
Current year taxes	\$ 18,321,509	0.78	\$ 142,908	\$ 142,908	\$ -
Prior years taxes	58,620,713	various	457,242	457,242	-
Motor vehicles	415,853	0.78	3,244	-	3,244
Penalties	2,676,365	various	20,876	20,876	-
Total	<u>\$ 80,034,440</u>		<u>\$ 624,269</u>	<u>\$ 621,026</u>	<u>\$ 3,244</u>
Abatements/Releases:					
General Fund - Real property	\$ (30,138,831)	0.78	\$ (235,083)	\$ (235,083)	\$ -
General Fund - Motor Vehicles	-	0.78	-	-	-
Penalties	(3,908,569)	0.78	(30,487)	(30,487)	-
Total	<u>\$ (34,047,400)</u>		<u>\$ (265,570)</u>	<u>\$ (265,570)</u>	<u>\$ -</u>
Total Property Valuation	<u>\$ 17,065,471,825</u>				
Net levy			133,224,309	117,918,130	15,306,180
Uncollected taxes at June 30, 2019 (County Only)			<u>145,214</u>	<u>145,214</u>	<u>-</u>
Current year's taxes collected (includes penalty)			<u>\$ 133,079,095</u>	<u>\$ 117,772,916</u>	<u>\$ 15,306,180</u>
Current levy collection percentage			<u>99.89%</u>	<u>99.88%</u>	<u>100.00%</u>

**Johnston County, North Carolina**  
**Analysis of Current Tax Levy**  
**For the Fiscal Year Ended June 30, 2019**

---

**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100 %
Real Property	\$ 13,291,632,728
Personal Property	1,439,136,445
Motor Vehicles	1,962,330,725
Public Service Companies <sup>2</sup>	345,122,249
Less Releases	<u>(30,138,831)</u>
Total Assessed Valuation	\$ 17,008,083,316
Tax Rate per \$100	0.78
Levy (includes discoveries, releases and abatements) <sup>3</sup>	\$ 132,663,050

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

Fire Protection Districts	\$ 10,796,390,355
Sanitation Districts	169,766,969
Smithfield Redevelopment	48,520,689
Research Training Zone	836,039,025
Total	<u>\$ 11,850,717,038</u>

<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup> The levy includes interest and penalties.



**Johnston County, North Carolina**  
**Ten Largest Taxpayers**  
**For the Fiscal Year Ended June 30, 2019**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2018 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Grifols Therapeutics Inc	Pharmaceuticals	\$ 516,069,659	3.02%
Novo Nordisk Pharmaceutical	Pharmaceuticals	287,992,063	1.69%
Duke Energy Progress	Utility	140,243,901	0.82%
Piedmont Natural Gas Co	Utility	81,848,371	0.48%
Crown Raleigh III, IV	Real Estate Investment	47,955,721	0.28%
Chicopee Inc	Nonwovens	46,772,637	0.27%
Caterpillar Inc	Construction	41,320,912	0.24%
Carolina Premium Outlets	Retail	40,051,530	0.23%
Sysco Food Services	Food Services / Distribution	38,164,545	0.22%
TKC CXXIX LLC	Distributor of Medical Devices	31,114,180	0.18%
Total		\$ <u><u>1,271,533,519</u></u>	<u><u>7.45%</u></u>

## **COMPLIANCE SECTION**



Report On Internal Control Over Financial Reporting And On Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With  
*Government Auditing Standards*

Independent Auditors' Report

To the Board of County Commissioners  
County of Johnston  
Smithfield, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 the County of Johnston, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the County of Johnston 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 Johnston County ABC Board, as described in our report on the County of Johnston's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Johnston 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 of Johnston'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 of Johnston'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency [2019-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Johnston's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Johnston County's Response to Findings

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

Purpose of this Report

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

*Thompson, Price, Scott, Adams & Co., P.A.*

---

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
January 22, 2020



Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA

Report On Compliance With Requirements Applicable To Each Major Federal  
Program And Internal Control Over Compliance In Accordance With OMB  
Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners  
County of Johnston  
Smithfield, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited the County of Johnston, North Carolina's, 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 of Johnston's major federal programs for the year ended June 30, 2019. The County of Johnston'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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County of Johnston'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 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 of Johnston'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 of Johnston's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the County of Johnston 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 of Johnston 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 of Johnston internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with type of compliance requirement of a federal program that is less severe than 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2019-002, 2019-003, and 2019-004] that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompany schedule of findings and questioned costs and the corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Thompson, Price, Scott, Adams & Co., P.A.*

---

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
January 22, 2020



**CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS AND TAX ADVISORS**

Report On Compliance With Requirements Applicable To Each Major State  
Program And Internal Control Over Compliance In Accordance With Applicable  
Sections OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners  
County of Johnston  
Smithfield, North Carolina

**Report on Compliance for Each Major State Program**

We have audited the County of Johnston, North Carolina's, 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 of Johnston major state programs for the year ended June 30, 2019. The County of Johnston 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the County of Johnston'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 applicable sections of Title 2 US *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, 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 of Johnston'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 of Johnston's compliance.

**Opinion on Each Major State Program**

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

## Report on Internal Control Over Compliance

Management of the County of Johnston 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 of Johnston's internal control over compliance with the types of requirements that could have 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 weakness 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Thompson, Price, Scott, Adams & Co., P.A.*

---

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
January 22, 2020



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

---

Section I. Summary of Auditors' Results

---

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? \_\_\_ yes  X no
- Significant Deficiencies identified? X yes  \_\_\_ none reported
- Noncompliance material to financial statements noted \_\_\_ yes  X no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? \_\_\_ yes  X no
- Significant Deficiency(s) identified? X yes  \_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 20.516(a) X yes  \_\_\_ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
97.036	Disaster Grants - Public Assistance
93.658, 93.659	Foster Care and Adoption Cluster
93.568	Low Income Energy Assistance
93.596	Subsidized Child Care Cluster
93.778	Medical Assistance Program
14.871	Lower Income Housing Assistance Program - Section 8 Housing Voucher Program

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

Auditee qualified as low-risk auditee? X yes  \_\_\_ no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? \_\_\_ yes  X no
- Significant Deficiency(s) identified? \_\_\_ yes  X none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act \_\_\_ yes  X no

Identification of major State programs:

<u>Program Name</u>
Disaster Grants - Public Assistance
Foster Care and Adoption Cluster
Subsidized Child Care Cluster
Medical Assistance Program
Mosquito Abatement (Hurricane Florence)
Public School Building Capital Fund-Lottery Proceeds

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

---

Section II. Financial Statement Findings

---

**Finding 2019-001**

RECONCILIATIONS  
SIGNIFICANT DEFICIENCY

Criteria: AU-C 260 requires communication of certain matters related to internal control over financial reporting.

Condition: In performing field work, we noted that a few balance sheet accounts (primarily receivables) were not adjusted until several months after year end. In addition, one of the primary bank accounts was not reconciled timely.

Effect: When the balance sheet accounts are reconciled, those adjustments are also reflected in the budget to actual statements as well. Likewise, if bank statements are not reconciled timely, items may not be posted on the general ledger timely. Delays in reconciliations may prevent management and the Board from having timely information to base decisions on.

Cause: The balance sheet accounts not adjusted timely were items that are only adjusted once a year, so they were simply overlooked until later in the audit process. The bank reconciliation requires input from multiple departments to reconcile outstanding deposits, etc., so there is a time lag in finance receiving adequate information to complete the reconciliation.

Recommendation: The County should review the balance sheet to ensure that all required accounts have been reconciled and adjusted as part of the month end close for June. In addition, staff may need to be reallocated to allow the person in charge of reconciling the bank statements adequate time to perform this vital piece of the internal control structure of the County.

Views of Responsible officials and planned corrective action: The County agrees with this finding. Job assignments will be reviewed and reassigned if necessary to ensure that all accounts are timely reconciled, as they recognize the significance of these processes.

---

Section III. Federal Award Findings and Questioned Costs

---

**US Department of Health and Human Services**  
Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

**Finding: 2019-002**

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient met specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

Condition: There were ten errors discovered during our procedures that inaccurate information was entered when determining eligibility.

Questioned Costs: There was no affect to eligibility and there were no questioned costs.

Context: We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.

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

---

Section III. Federal Award Findings and Questioned Costs (continued)

---

**Cause:** Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

**Recommendation:** Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

**Views of responsible officials and planned corrective actions:** The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

**Finding: 2019-003**

SIGNIFICANT DEFICIENCY

Eligibility

**Criteria:** Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.

**Condition:** There were six errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts, or files containing resources were not properly documented to be considered countable or non-countable. One applicant received assistance for which the applicant was not eligible.

**Questioned Costs:** The amounts paid out for the above in-eligible participants did not exceed the threshold for a question costs determination.

**Context:** We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

**Effect:** For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.

**Cause:** Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

**Recommendation:** Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

**Views of responsible officials and planned corrective actions:** The County agrees with the finding. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

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

---

Section III. Federal Award Findings and Questioned Costs (continued)

---

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services  
Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

**Finding: 2019-004**

SIGNIFICANT DEFICIENCY

Eligibility

**Criteria:** The State sends notification to the County when a participant is no longer eligible under SSI determination. The County has a certain time period to initiate an ex parte review to determine whether the recipient qualifies for Medicaid under any other coverage group, such as Family and Children's Medicaid, North Carolina Health Choice for Children, Work First Family Assistance, or Medicaid for the Aged, Blind and Disabled.

**Condition:** One applicant was not reviewed timely and determined to be eligible for Medicaid when their SSI benefits were terminated.

**Questioned Costs:** The amounts paid out for the above in-eligible participants did not exceed the threshold for a question costs determination.

**Context:** We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

**Effect:** County did not initiate ex parte review timely, therefore, no eligibility review was completed in required time period. The lack of follow up and certification lead to applicant receiving Medicaid for which the applicant was not eligible.

**Cause:** Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needs to conduct an application process. This information was not shared with other areas in DSS that the recipient was receiving benefits.

**Recommendation:** Any State communications related to applicants' benefits received by the any DSS department should be shared with all areas that the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the correct action has been taken. Workers should be retrained on what process needs to be followed when State communications are received.

**Views of responsible officials and planned corrective actions:** The County agrees with the finding. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

---

Section IV. State Award Findings and Questioned Costs

---

Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

SIGNIFICANT DEFICIENCY: Finding 2019-002, 2019-003 and 2019-004 also apply to State requirements and State Awards.

Corrective Action Plan  
For the Year Ended June 30, 2019

---

Section II - Financial Statement Findings

---

Finding: 2019-001            Reconciliations

Name of contact person:    Chad McLamb, Finance Director

Corrective Action:            Job assignments will be reviewed and reassigned if necessary to ensure that all accounts are timely reconciled.

Proposed Completion Date: Immediately.

---

Section III - Federal Award Findings and Question Costs

---

**Finding: 2019-002**

Name of contact person:    Allison W. Smith, IM Program Administrator II

Corrective Action:            It was found that the income entered into NC FAST was miscalculated by either using incorrect income or the income did not match the verifications. These findings have been addressed with all staff and continued reminders are being sent to case workers on the importance of reading online data carefully to ensure the correct quarter wages are being used and also that the income verifications are read and calculated correctly prior to being entered into NC FAST. It was found that lack of documentation, conflicting information, verifications not completed, and online data not being ran for all house hold members was the cause of several finding during the Single County Medicaid Audit. Additional training will be offered on an as needed basis by our in house training team to ensure staff has the complete understanding of resources as it pertains to determining eligibility correctly. Our agency now has an internal QA team that pulls random samples monthly from each Medicaid caseworker to ensure the integrity of the program.

Proposed Completion Date: All of these areas of concern have been discussed with staff and there will be ongoing discussions with all staff and additional training as needed to ensure these errors are not an ongoing issue.

**Finding:2019-003**

Name of contact person:    Allison W. Smith, IM Program Administrator II

Corrective Action:            It was found that liquid resources and personal property was not entered into NC FAST correctly and used in the eligibility check. These findings have been addressed with all staff and continued reminders are being sent to case workers on the importance of reading online data carefully, including DMV data, entering all evidence for life insurance policies and bank verifications into NC FAST prior to running eligibility checks, as well as completing all resource verifications prior to completing the application or recertification in NC FAST. It has also been discussed with all staff, the importance of ensuring current verifications are used instead of old verifications in the file.

Proposed Completion Date: All of these areas of concern have been discussed with staff and there will be ongoing discussions with all staff and additional training as needed to ensure these errors are not an ongoing issue.

Corrective Action Plan  
For the Year Ended June 30, 2019

---

Section III - Federal Award Findings and Question Costs (continued)

---

**Finding:2019-004**

Name of contact person: Allison W. Smith, IM Program Administrator II

Corrective Action: It was found that this client's SSI ended on September 1, 2018; however, the exparte review was not started on this case until July 17,2019. It was found that this task was overlooked by the worker and not completed timely. We now have one lead worker who all SSI Exparte tasks are assigned to and she redirects the task to the appropriate worker, along with notifying the direct supervisor to ensure proper monitoring of the tasks. Again, our agency now has an internal QA team that pulls random samples monthly from each Medicaid caseworker to ensure the integrity of the program.

Proposed Completion Date: All of these areas of concern have been discussed with staff and there will be ongoing discussions with all staff and additional training as needed to ensure these errors are not an ongoing issue.

---

Section IV - State Award Findings and Question Costs

---

None Reported

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

Finding: 2018-001  
Status Corrected

**Johnston County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Fiscal Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
<b>Federal Awards:</b>						
<u>U. S. Department of Agriculture</u>						
Passed-through N.C. Dept of Health and Human Services:						
Division of Social Services:						
Administration:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 2,107,576	\$ 8,921	\$ -	\$ 1,998,056
Passed-through N.C. Dept of Health and Human Services:						
Division of Public Health:						
Administration:						
Special Supplemental Nutrition Program for Women, Infants and Children	10.557		789,880	-	-	-
Total U.S. Dept. of Agriculture			<u>2,897,456</u>	<u>8,921</u>	<u>-</u>	<u>1,998,056</u>
<u>U.S. Department of Justice</u>						
Passed-through N.C. Department of Public Safety						
Edward Byrne Memorial Justice Assistance Grant	16.738		12,366	-	-	-
Federal Equitable Sharing	16.922		123,736	-	-	-
Total U.S. Department of Justice			<u>136,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>						
Passed-through N.C. Department of Public Safety						
Division of Emergency Management						
Emergency Performance Grant	97.042		52,899	-	-	-
Homeland Security Grant Program	97.067		31,650	-	-	-
Disaster Grants - Public Assistance	97.036		657,691	292,491	-	-
Hazard Mitigation Grant	97.039		22,718	7,573	-	-
Total U.S. Department of Homeland Security			<u>764,958</u>	<u>300,064</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Health and Human Services</u>						
Passed-through N.C. Department of Health and Human Services:						
Division of Public Health:						
Preparedness (PHEP) Aligned Cooperative Agreements	93.074		48,696	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation	93.094		2,970	-	-	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		28,383	-	-	-
Family Planning Services	93.217		53,658	-	-	-
Immunization Grants	93.268		35,576	-	-	-
Well-Integrated Screening and Evaluation for Women Across the Nation (Wisewomen)	93.436		22,295	-	-	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		102,472	-	-	-
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health funds (PPHF)	93.758		39,946	-	-	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		38,250	-	-	-
Preventive Health Services Sexually Transmitted Disease Control Grants	93.977		42	-	-	-
Maternal and Child Health Services Block Grant	93.994		108,084	9,515	-	-
Passed-through Triangle J Council of Governments						
Division of Aging and Adult Services:						
<u>Aging Cluster</u>						
Special Programs for the Aging - Title III B						
Grants for Supportive Services and Senior Centers	93.044		80,350	4,727	-	-
Special Programs for the Aging - Title III C						
Nutrition Services	93.045		328,310	19,312	-	-
Nutrition Services Incentive Program	93.053		46,306	-	-	-
Total Aging Cluster			<u>408,660</u>	<u>70,345</u>	<u>-</u>	<u>-</u>
Preventative Health	93.043		12,323	725	-	-
Family Caregiver Services	93.052		4,014	60,211	-	-
Passed-through N.C. Department of Health and Human Services:						
Division of Social Services						
Temporary Assistance for Needy Families (TANF) Cluster						
Work First Administration	93.558		1,327,570	-	-	1,551,857
Division of Public Health						
Temporary Assistance for Needy Families	93.558		18,254	-	-	-
Total TANF Cluster			<u>1,345,824</u>	<u>-</u>	<u>-</u>	<u>1,551,857</u>



**Johnston County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Fiscal Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
AFDC Payments & Penalties	93.560		(5)	(2)	-	(1)
<u>Foster Care and Adoption Cluster</u>						
Title IV-E Foster Care	93.658		1,174,759	259,226	-	623,827
Foster Care	N/A		342,846	30,436	-	71,205
Adoption Assistance	93.659		86,158	-	-	86,158
IV-E Adoption	N/A		16,773	12,818	-	-
Total Foster Care and Adoption Cluster			<u>1,620,536</u>	<u>302,480</u>	<u>-</u>	<u>781,190</u>
Child Support Enforcement	93.563		1,481,032	-	-	762,956
Refugee and Entrant Assistance - State Administered Program	93.566		4,251	-	-	-
Total Refugee and Entrant Assistance			<u>4,251</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Low Income Energy Assistance</u>						
Administration	93.568		122,516	-	-	-
Energy Assistance Payments	93.568		490,760	-	-	-
Crisis Intervention Program	93.568		765,800	-	-	-
Total Low-Income Home Energy Assistance			<u>1,379,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645		26,589	-	-	8,863
Chafee Foster Care Independence Program	93.674		36,036	7,096	-	-
SSBG - Other Service and Training	93.667		49,513	-	-	165,104
<u>Division of Social Services:</u>						
SSBG - State Adult Day Care	93.667		64,895	20,275	-	19,279
CPS TANF to SSBG	93.667		26,120	-	-	-
SSBG - State In-Home Services	93.667		10,986	-	-	1,569
<u>Passed-through Triangle J Council of Governments:</u>						
SSBG - In Home Support Services	93.667		26,224	749	-	-
Total Social Service Block Grant			<u>177,738</u>	<u>21,024</u>	<u>-</u>	<u>185,952</u>
<u>Administration for Children and Families</u>						
<u>Passed-through the N.C. Dept. of Health and Human Services</u>						
<u>Subsidized Child Care (Note 4)</u>						
<u>Child Care Development Fund Cluster</u>						
Child Care Development Fund - Administration	93.596		270,198	-	-	-
Total Subsidized Child Care Cluster (Note 4)			<u>270,198</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Division of Social Services</u>						
Medical Assistance Program	93.778		5,377,371	23,474	-	2,135,579
State Children's Insurance Program - N.C. Health Choice	93.767		178,472	-	-	-
Total U.S. Dept. of Health and Human Services			<u>12,802,487</u>	<u>494,868</u>	<u>-</u>	<u>5,426,396</u>
<u>Environmental Protection Agency</u>						
<u>Passed-through Department of Environment and Natural Resources</u>						
<u>Division of Water Resources</u>						
Capitalization Grants for Clean Water State Revolving Loan	66.458	E-SRF-T-2018-469-61	1,447,744	-	-	-
Capitalization Grants for Drinking Water State Revolving Loan	66.468	H-LRX-F-15-1790	1,373,228	-	-	-
Total of Drinking Water State Revolving Loan			<u>2,820,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>U.S. Dept. of Housing and Urban Development Direct Program</u>						
<u>Lower Income Housing Assistance Program - Section 8 Housing Voucher Program</u>						
	14.871		3,622,959	-	-	-
Community Development Block Grants	14.228		22,796	-	-	-
Total U.S. Dept. of Housing and Urban Development			<u>3,645,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>\$ 23,122,676</u>	<u>\$ 748,907</u>	<u>\$ -</u>	<u>\$ 7,424,452</u>
<b>State Awards:</b>						
<u>N.C. Dept. of Health and Human Services</u>						
<u>Division of Public Health</u>						
Food & Lodging Fees			\$ -	\$ 47,920	\$ -	\$ -
Mosquito Abatement (Hurricane Florence)			-	502,085	-	-
CHA/CHIP Peer Review			-	121,927	-	-
General Communicable Diseases Control			-	3,757	-	-
Active Routes to School			-	100,000	-	-
Child Health			-	9,123	-	-
HIV STD State			-	12,500	-	-
STD Drugs			-	867	-	-
Breast and Cervical Cancer Control			-	12,750	-	-
School Nurse Funding Initiative			-	100,000	-	-
PCM for Women Ineligible for Medicaid			-	50,000	-	-

**Johnston County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Fiscal Year Ended June 30, 2019**

<b>Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/ Pass-through Grantor's Number</b>	<b>Fed (Direct &amp; Pass-through Expenditures</b>	<b>State Expenditures</b>	<b>Pass-through to Subrecipients</b>	<b>Local Expenditures</b>
Family Planning-State			-	23,134	-	-
Maternal Health			-	70,653	-	-
Women's Health Service Fund			-	13,560	-	-
TB Control			-	68,903	-	-
Total Public Health			-	<u>1,137,179</u>	-	-
Division of Social Services:						
Energy Assistance			-	13,414	-	-
Non Allocating County Cost			-	-	-	557,675
County Fund Programs			-	-	-	3,065,333
St Child Welfare/CPS/CS			-	309,555	-	-
DCD Smart Start			-	49,057	-	-
AFDC Incentive Program Integrity			-	300	-	-
Work First Non Reimbursable			-	-	-	1,154,507
State Foster Care			-	381,031	-	311,258
CSE Disaster Non-Reimbursable			-	-	-	12,930
Total Division of Social Services			-	<u>753,357</u>	-	<u>5,101,703</u>
Pass-through Triangle J Council of Governments						
Division of Aging and Adult Services						
Division of Social Services						
Senior Center General Purpose			-	24,949	-	-
90% State Funds - Access			-	16,573	-	-
90% State Funds - In Home Services			-	288,047	-	-
90% State Funds - Home Delivered Meals			-	124,515	-	-
Total for Division of Social Services			-	<u>454,084</u>	-	-
Total N.C. Dept. of Health and Human Services			-	<u>2,344,620</u>	-	<u>5,101,703</u>
<u>N.C. Dept. of Transportation</u>						
ROAP RGP		36228.22.8.1	-	153,342	-	-
ROAP EDTAP		36220.10.8.1	-	103,234	-	-
ROAP Employment		36236.11.7.1	-	39,530	-	-
Total ROAP Cluster			-	<u>296,106</u>	-	-
Total of N.C. Dept. of Transportation			-	<u>296,106</u>	-	-
<u>N.C. Dept of Military and Veterans Affairs</u>						
Veterans Services			-	2,216	-	-
Total of N.C. Dept of Administration			-	<u>2,216</u>	-	-
<u>N.C. Dept. of Environmental Quality</u>						
Division of Waste Management						
Electronics Management			-	12,142	-	-
Total of N.C. Dept. of Environmental Quality			-	<u>12,142</u>	-	-
<u>N.C. Department of Public Safety</u>						
Juvenile Crime Prevention Programs						
Preparing to Soar Teen Court			-	20,000	20,000	20,000
Johnston County Youth Services			-	203,536	203,536	-
Healthy Choices			-	25,970	25,970	-
Johnston County Juvenile Crime Prevention			-	3,600	3,600	-
Total Juvenile Crime Prevention Programs			-	<u>253,106</u>	<u>253,106</u>	<u>20,000</u>
Tier II Universal Grant			-	694	-	-
Disaster Recovery Act 2017		DRA2017	-	14,459	-	-
Total of N.C. Dept. of Public Safety			-	<u>268,259</u>	<u>253,106</u>	<u>20,000</u>
<u>N.C Department of Commerce</u>						
Rural Economic Development Grant			-	250,000	-	-
Revitalization and Economic Development			-	2,025	-	-
Total N.C. Department of Commerce			-	<u>252,025</u>	-	-
<u>N.C. Department of Public Instruction</u>						
Public School Building Capital Fund-Lottery Proceeds			-	2,538,000	-	-
Total N.C Department of Public Instruction			-	<u>2,538,000</u>	-	-
Total State Awards			-	<u>5,713,368</u>	<u>253,106</u>	<u>5,121,703</u>
Total Federal and State Awards			<u>\$ 23,067,730</u>	<u>\$ 6,517,221</u>	<u>\$ 253,106</u>	<u>\$ 12,546,155</u>

**Johnston County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Fiscal Year Ended June 30, 2019**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed (Direct &amp; Pass-through Expenditures</u>	<u>State Expenditures</u>	<u>Pass-through to Subrecipients</u>	<u>Local Expenditures</u>
---	------------------------------------	---	--	-------------------------------	--	-------------------------------

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 Johnston 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 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Johnston County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Johnston 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 Cost Rate**

Johnston County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:  
Subsidized Child Care, Foster Care and Adoption

**Note 5: Loans Outstanding**

Johnston County had the following loan balances outstanding at June 30, 2018 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements . Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2018 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Amount Outstanding</u>
Capitalization Grants for Clean Water State Revolving Loan	66.458	E-SRF-T-2018-469-61	\$ 1,447,744
Capitalization Grants for Drinking Water State Revolving Loan	66.468	H-LRX-F-15-1790	6,089,110

**Note 6: Benefit Payments Issued by the State**

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 2,897,799	\$ -
Supplemental Nutrition Assistance Program	10.561	35,313,007	-
Family Preservation	93.556	43,042	-
Temporary Assistance for Needy Families	93.558	717,883	-
Adoption Assistance	93.659	564,838	139,410
Medical Assistance Program	93.778	160,389,896	80,200,801
Children's Health Insurance Program	93.767	6,364,351	-
Child Welfare Services Adoption	N/A	-	386,216
SAA/SAD HB 1030	N/A	-	52,224
SC/SA Domiciliary Care	N/A	-	1,071,998