

Lenoir County, North Carolina

Financial Statements

Fiscal Year Ended June 30, 2019



**LENOIR COUNTY
TABLE OF CONTENTS
June 30, 2019**

Exhibit

Financial Section

	Independent Auditors' Report	1 - 3
	Management's Discussion and Analysis	4 - 11
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
1	Statement of Net Position	12
2	Statement of Activities	13
	Fund Financial Statements:	
3	Balance Sheet-Governmental Funds Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	14
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental funds Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15 - 16
5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General	17
6	Statement of Fund Net Position - Proprietary Funds	18
7	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	19
8	Statement of Cash Flows - Proprietary Funds	20
9	Statement of Fiduciary Net Position - Fiduciary Fund	21
	Notes to the Financial Statements	22 - 48

Required Supplemental Financial Data:

Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees’ Retirement System	49
Schedule of County Contributions – Local Government Employees’ Retirement System	50
Schedule of the Proportionate Share of the Net Pension Asset – Register of Deeds'	51
Schedule of County Contributions – Register of Deeds'	52
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	53
Schedule of Total Pension Liability as a Percentage of Covered Payroll	54
Schedule of Changes in Net OPEB Liability and Related Ratios	55

Individual Fund Statements and Schedules:

Combining and Individual Fund Statements and Schedules:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	56 - 59
Combining Balance Sheet for Non-Major Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-Major Governmental Funds	61

Special Revenue Funds:

Combining Balance Sheet for Non-Major Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-Major Governmental Funds	63

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:

Federally Seized Property Fund	64
School Capital Outlay Fund	65
Scrap Tire Disposal Fund	66
Revaluation Reserve Fund	67
Fire District Funds	68
Transportation Grant Project Fund	69
Emergency Telephone System Fund	70
Family and Caregiver Education Fund	71
Vehicle Replacement Fund	72
Automation Preservation Fund	73
State Controlled Substance Fund	74
Hazard Mitigation Grant Program - Hurricane Matthew	75

Capital Project Funds:	
Combining Balance Sheet for Non-Major Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances for Non-Major Governmental Funds	77
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Capital Improvements Fund	78
Landfill Fund	79 - 80
Landfill Debt Service	81
Employee Insurance Internal Service Fund	82
Agency Funds	
Combining Statement of Changes Assets and Liabilities-Agency Funds	83
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	84
Analysis of Current Tax Levy County-Wide Levy	85
Secondary Market Disclosures	86
Other Information:	
General Government Expenditures by Function	87
Assessed Value of Taxable Property	88
Percentage Growth in Assessed Actual Value to Taxable Property	89
Property Tax Levies and Collections - General Fund	90
Property Tax Rates - Direct and All Overlapping Governments	91
Fire Districts - Property Tax Rates	92
Property Tax Rates and Levies - County of Lenoir and City of Kinston	93
Ten Largest Taxpayers	94
Tax Revenue by Source	95
Construction/Building Permit Activity	96
Ratio of bonded Debt to Assessed Value and Bonded Debt Per Capita	97
Ratio of Annual Debt Service Expenditures for General Obligation Bond Debt to Total General Governmental Expenditures	98
Computation of Direct and Underlying Bond Debt General Obligation Bonds	99

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 <i>Government Auditing Standards</i>	100 - 102
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	103 - 105
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	106 - 107
Schedule of Findings and Questioned Costs	108 - 112
Corrective Action Plan	113
Summary Schedule of Prior Audit Findings	114
Schedule of Federal and State Financial Awards	115 - 117

INTRODUCTORY SECTION



North Carolina

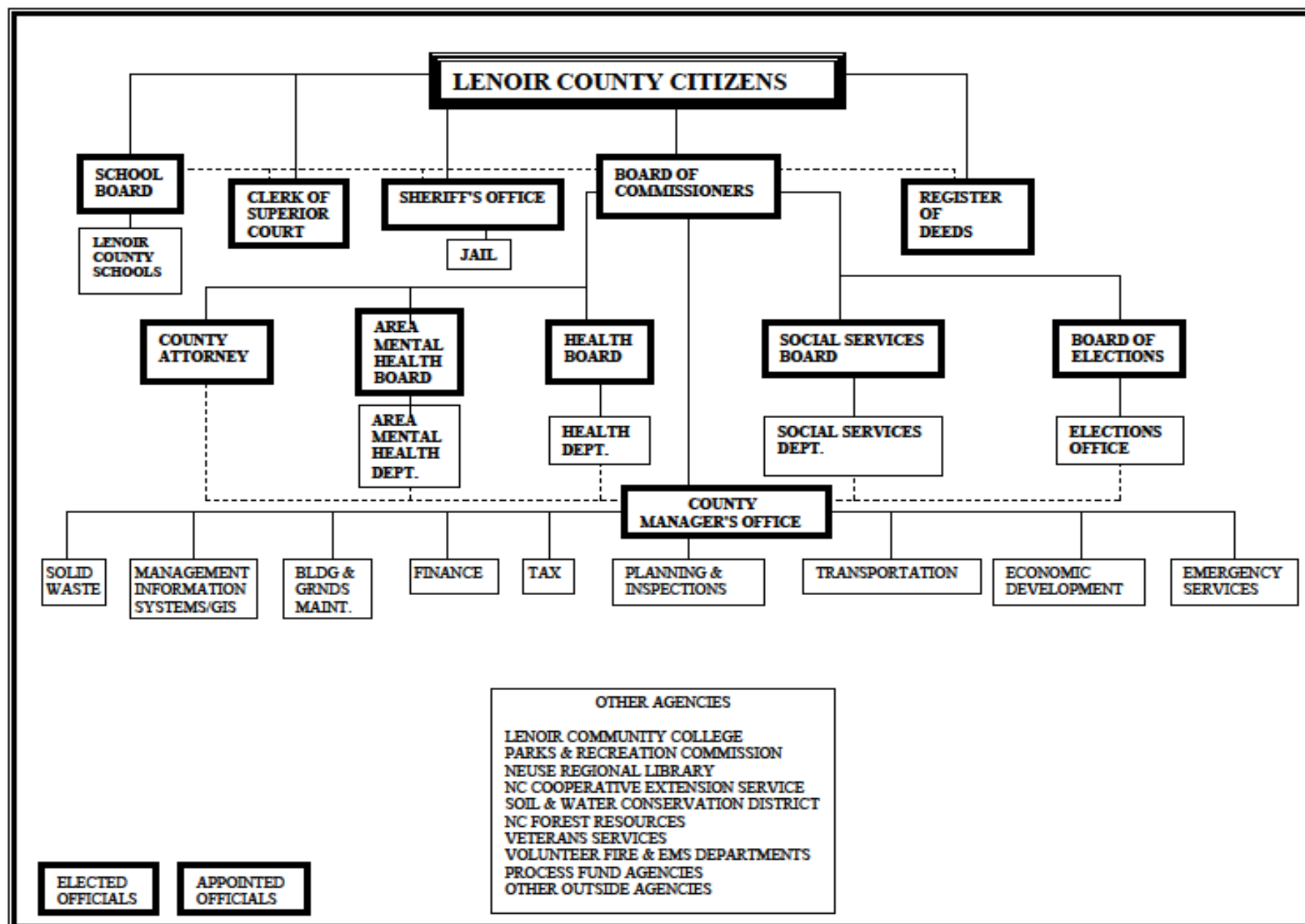
BOARD OF COMMISSIONERS

Craig Hill – Chairman
Jackie Brown – Vice Chairman
Roland Best
J. Mac Daughety
Reuben J. Davis
Eric Rouse
Linda Rouse Sutton

OFFICIALS

County Manager
Michael W. Jarman

Finance Officer
Sandra Barss



FINANCIAL SECTION



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Independent Auditors' Report

To the Board of County Commissioners
Lenoir County, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lenoir County ABC Board or the Kinston-Lenoir County TDA. 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 Lenoir County ABC Board and the Kinston -Lenoir County TDA 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 Lenoir County ABC Board and the Kinston-Lenoir County TDA were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors

consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements, budgetary schedules, 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 March 10, 2020 on our consideration of Lenoir County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lenoir County's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

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

Wilmington, North Carolina

March 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of Lenoir County, we offer readers of Lenoir County's (the "County") financial statements this narrative overview and analysis of the financial activities of the 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.

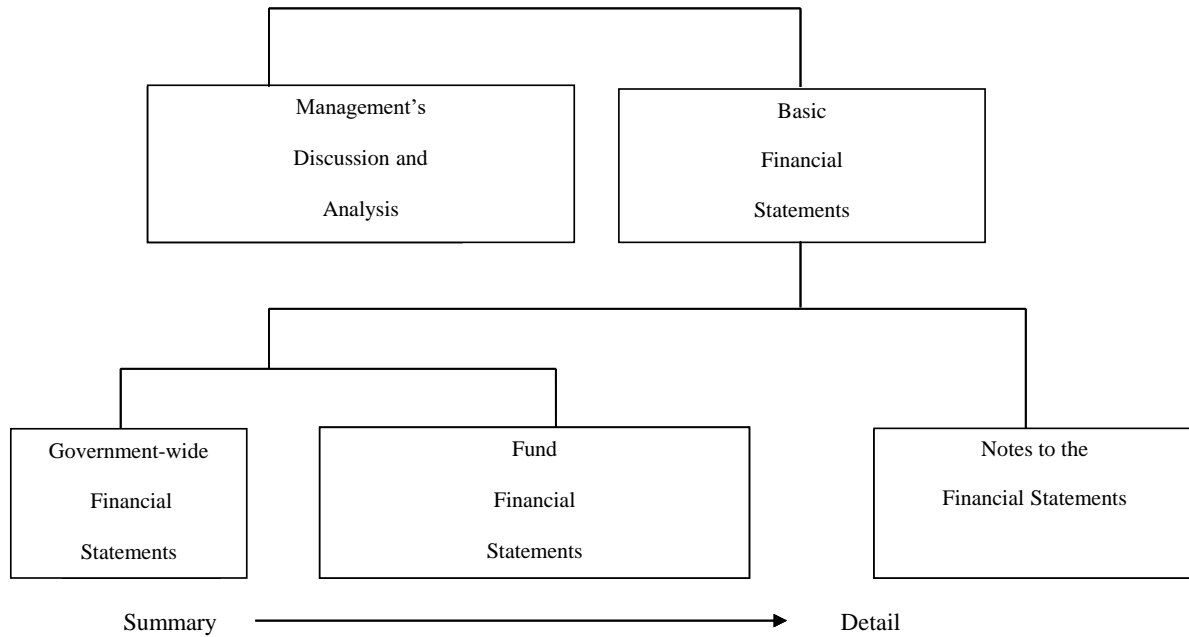
Financial Highlights

- The assets and deferred outflows of resources of Lenoir County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,656,501 (net position).
- The government's total net position increased by \$3,192,033 primarily due to an increase in net position in the governmental activities.
- As of the close of the current fiscal year, Lenoir County's governmental funds reported combined ending fund balances of \$35,104,845, after a net increase in fund balance of \$598,527. Approximately 56.50% of this total amount, or \$19,832,607, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the consolidated General Fund was \$13,889,566, or 22.35% of total General Fund expenditures for the fiscal year.
- Lenoir County's total debt decreased by \$5,221,439 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Lenoir 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 the Lenoir County.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

The first two statements (Exhibits 1&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 3-9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the government fund statements; 2) the budgetary comparison statements; 3) the proprietary governmental funds statements; 4) the fiduciary and agency 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 major and non-major governmental 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 and Benefit 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 total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, public safety, human services, cultural and recreational, and economic development. 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 landfill services offered by Lenoir County. The final category is the component units. Although it is a legally separate entity from the County, the Lenoir County ABC Board is important to the County because the County exercises control over the ABC Board by appointing its members and because the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The Kinston-Lenoir Tourism Development Authority promotes travel and tourism within the County. Since the Authority was created by the County and the County finance officer is the ex officio finance officer of the Authority, its financial statements are discretely presented as well. The Lenoir County Industrial Facility and Pollution Control Financing Authority exists to issue and service revenue bond debt of private businesses for economic development. The Authority has no financial transactions or account balances; therefore it is not presented in the basic financial statements.

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

Fund Financial Statements

The Fund Financial Statements (see Figure 1) 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. Lenoir County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

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

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board 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 - The 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. The County uses enterprise funds to account for its solid waste landfill operations. This fund is the same as those functions 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. Lenoir County has two fiduciary funds, both 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.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Lenoir County's progress in funding its obligation to provide pension benefits to its employees.

Government Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For Lenoir County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,656,501 at the close of the most recent fiscal year.

By far, the largest portion, \$17,961,075 of Lenoir County's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Lenoir County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lenoir County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Lenoir County an additional portion of Lenoir County's net position \$8,900,002 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (-\$18,204,576) is unrestricted.

Lenoir County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 43,238,884	\$ 40,831,900	\$ 3,947,468	\$ 3,789,421	\$ 47,186,352	\$ 44,621,321
Capital assets	31,051,466	32,519,648	689,982	732,588	31,741,448	33,252,236
Total assets	74,290,350	73,351,548	4,637,450	4,522,009	78,927,800	77,873,557
Deferred outflows of resources	7,245,830	5,263,277	112,912	73,875	7,358,742	5,337,152
Long-term liabilities outstanding	63,126,590	72,011,647	3,142,722	3,039,632	66,269,312	75,051,279
Other liabilities	9,923,227	2,413,463	182,662	159,662	10,105,889	2,573,125
Total liabilities	73,049,817	74,425,110	3,325,384	3,199,294	76,375,201	77,624,404
Deferred inflows of resources	1,231,499	786,206	23,341	13,340	1,254,840	799,546
Net Position:						
Net investment in capital assets	17,402,348	17,009,860	558,727	582,588	17,961,075	17,592,448
Restricted	8,900,002	6,126,086	-	-	8,900,002	6,126,086
Unrestricted	(19,047,486)	(19,732,437)	842,910	800,662	(18,204,576)	(18,931,775)
Total net position	\$ 7,254,864	\$ 3,403,509	\$ 1,401,637	\$ 1,383,250	\$ 8,656,501	\$ 4,786,759

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

- Sales tax revenues up \$477,711 from prior year
- Property tax revenues down \$111,389 from prior year
- Long term liabilities decreased as the result of School bond and Jail debt service payments

Lenoir County
Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Services	\$ 2,977,006	\$ 6,500,753	\$ 2,896,079	\$ 2,673,125	\$ 5,873,085	\$ 9,173,878
Operating grants and contributions	18,694,480	13,734,640	44,514	237,076	18,738,994	13,971,716
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	35,787,085	35,898,474	-	-	35,787,085	35,898,474
Local option sales tax	11,569,488	11,091,777	-	-	11,569,488	11,091,777
Other taxes	446,235	1,689,083	31,097	53,774	477,332	1,742,857
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Investment earnings	625,695	392,531	-	-	625,695	392,531
Miscellaneous	669,125	75,497	-	-	669,125	75,497
Total revenues	70,769,114	69,382,755	2,971,690	2,963,975	73,740,804	72,346,730
Expenses:						
General government	7,757,503	9,822,150	-	-	7,757,503	9,822,150
Public Safety	22,991,333	18,593,582	-	-	22,991,333	18,593,582
Economic and physical development	3,839,944	3,210,933	-	-	3,839,944	3,210,933
Human services	15,566,718	15,562,354	-	-	15,566,718	15,562,354
Environmental protection	160,836	152,148	-	-	160,836	152,148
Cultural and recreation	1,714,649	1,672,727	-	-	1,714,649	1,672,727
Education	13,844,844	13,362,208	-	-	13,844,844	13,362,208
Interest on long-term debt	1,769,641	2,082,817	-	-	1,769,641	2,082,817
Landfill	-	-	2,903,303	3,368,504	2,903,303	3,368,504
Total expenses	67,645,468	64,458,919	2,903,303	3,368,504	70,548,771	67,827,423
Increase (decrease) in net position before transfers and special items	3,123,646	4,923,836	68,387	(404,529)	3,192,033	4,519,307
Transfers	50,000	-	(50,000)	-	-	-
Increase (decrease) in net position	3,173,646	4,923,836	18,387	(404,529)	3,192,033	4,519,307
Net position, beginning, previously reported	3,403,509	5,642,924	1,383,250	1,920,908	4,786,759	7,563,832
Restatement	677,709	(7,163,251)	-	(133,129)	677,709	(7,296,380)
Net position, beginning, restated	4,081,218	(1,520,327)	1,383,250	1,787,779	5,464,468	267,452
Net position, ending	\$ 7,254,864	\$ 3,403,509	\$ 1,401,637	\$ 1,383,250	\$ 8,656,501	\$ 4,786,759

Governmental activities: Governmental activities increased the County's net position by \$3,173,646.

Business-type activities: Business-type activities decreased the County's net position by \$18,387.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Lenoir 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 the County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$13,889,566 while total fund balance reached \$31,886,726. The Governing Body of Lenoir County has determined that the County should maintain an available fund balance of 20% 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 22.35% of General Fund expenditures, while total fund balance represents 51.32% of that same amount.

At June 30, 2019, the governmental funds of the County reported a combined fund balance of \$35,104,845, a \$598,527 increase over last year.

General Fund Budgetary Highlights:

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The total amendments to the General Fund increased revenues by \$1,990,648 (2.92%) of the original budget. None of the appropriated Fund Balance was needed to offset the expenditures.

Proprietary Funds: Lenoir County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$842,910 as compared to \$800,662 in the prior year. The total net position of the Solid Waste Fund increase by \$18,387, which was mainly due to the write off of prior years' accumulated bad debt, the accumulation of post closure expenses and changes in pension related accounts.

Capital Asset and Debt Administration

Capital assets. Lenoir County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totaled \$31,741,448 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- F250 Trucks
- New Buses
- New Ambulances
- Mobile Shelter
- Chevrolet Traverse

**Lenoir County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,408,940	\$ 6,408,940	\$ 335,543	\$ 335,543	\$ 6,744,483	\$ 6,744,483
Buildings	39,881,976	37,708,426	5,462,525	5,462,525	45,344,501	43,170,951
Furniture and equipment	10,506,612	10,390,756	1,447,771	1,447,771	11,954,383	11,838,527
Improvements	411,077	411,077	-	-	411,077	411,077
Vehicles and motorized equipment	6,179,094	5,738,790	326,703	326,702	6,505,797	6,065,492
Construction in Progress	-	1,809,846	-	-	-	1,809,846
Subtotal	63,387,699	62,467,835	7,572,542	7,572,541	70,960,241	70,040,376
Less accumulated depreciation	32,336,233	29,948,188	6,882,560	6,839,954	39,218,793	36,788,142
Total	\$ 31,051,466	\$ 32,519,648	\$ 689,982	\$ 732,588	\$ 31,741,448	\$ 33,252,234

Additional information on Lenoir County's capital assets can be found in the notes to the financial statements.

Long-Term Debt. As of June 30, 2019, Lenoir County had total bonded debt outstanding of \$49,381,786, all of which is debt backed by the full faith and credit of the County.

**Lenoir County's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 36,670,000	\$ 40,585,000	\$ -	\$ -	\$ 36,670,000	\$ 40,585,000
Bond premium	1,480,531	1,645,036	-	-	1,480,531	1,645,036
Installment purchases	11,100,000	12,140,385	-	-	11,100,000	12,140,385
Capital leases	-	82,804	131,255	150,000	131,255	232,804
Total	\$ 49,250,531	\$ 54,453,225	\$ 131,255	\$ 150,000	\$ 49,381,786	\$ 54,603,225

Lenoir County's total governmental debt decreased by \$5,221,439 during the past fiscal year. General Obligation Bonded Debt decreased by \$4,079,505 due to the principal retirement of a portion of the Series 2007 and Series 2008 General Obligation Bonds and Series 2013 Refunding Bonds. Installment debt decreased by \$1,404,385 due to an installment payment on Recovery Zone Economic Development bonds for the construction of a new jail and an installment payment to the State for the Smithfield Sewer Project. Capital leases decrease by \$101,549 due to continued payment.

As mentioned in the financial highlights section of this document, Lenoir County maintained its bond ratings of an Aa2 bond rating from Moody's Investor Services and an AA- rating from Standard and Poor's Corporation. These bond ratings are a clear indication of the sound financial condition of the County.

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 the government's boundaries. The legal debt margin for Lenoir County is \$279,938,827.

Additional information regarding Lenoir County's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The nation, state and county are emerging from the longest recession since the Great Depression of the 1930's
- Property tax collections totaled \$35,823,665.
- Sales tax revenues totaled \$11,569,488, an increase of 4.31% from the prior year

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities

The FY 19-20 General Fund Budget of \$68,229,571 is in balance with a tax rate of \$.845 per \$100 of assessed valuation. Other funds are also in balance. The appropriation from the Fund Balance of the General Fund is \$4,316,833. Showing an appropriation from fund balance to balance the budget has been our practice for several years. This practice has limited the amount of increase to the tax rate and/or prevented unnecessary reduction in the services available to our citizens. Each year we have been able to hold expenditures down and not use our savings. We are again showing an appropriation from fund balance to balance the budget, however, the amount we are showing for FY 19-20 will result in Lenoir County using assigned fund balance. The primary reason for the increased amount of fund balance use is the loss of property tax revenue. The Revaluation of real property effective January 1, 2017 resulted in a value loss of \$267,782,000.

The FY 19-20 General Fund Budget is \$2,178,554 more than the FY 18-19 adopted budget. This represents a three and three tenth percent (3.3%) increase. This increase is due mainly to the increase in employee health care premiums, an increase in NC retirement rates and the purchase of new voting machines for Elections. Some other major areas of increase were Maintenance due to facility maintenance and repair (\$578,000), Emergency Medical Services for the cost of 1 ambulance and 1 administrative vehicle (\$285,000), and Sheriff vehicles (\$224,133).

Business-type Activities

The County issued \$3.0 million in Special Revenue Bond debt early in FY 03-04 for the construction of a new municipal solid waste landfill cell. The total project cost, including construction of the 5-year cell, a leachate pump station and force main, and new equipment to operate the cell was approximately \$4.3 million. Approximately \$1.3 million in fund balance of the Solid Waste Fund was then appropriated to complete the project. The project was completed by June 30, 2004. This five (5) year cell has nearly reached its maximum capacity. The County contracted with Municipal Engineering, located in Garner, NC, to obtain the necessary state permits to construct a second five (5) year MSW cell and the environmental permits have been received. However, due to the fact the County will have to buy dirt and have it hauled to the new cell for construction, and later as cover, the construction of the new cell has been put on hold. The County has renewed the current five year contract with Republic Services of North Carolina for an additional 5 years for proper disposal. The contract term ends January 2023. At this time the county is evaluating several different alternatives that will best service the needs of Lenoir County citizens while continuing to improve the financial standing of the Lenoir County landfill. It should be noted that County administration reviewed all operational expenses and collection policies in an effort to increase revenues collected, decrease uncollectible accounts and reduce operating expense. The FY 19-20 budget is a reflection of this continued effort to improve landfill operations.

Requests for Information

This report is designed to provide an overview of the Lenoir 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 Office of the County Manager, 130 South Queen Street, Kinston, North Carolina 28501. You can also call (252) 559-6450, visit our website <http://www.co.lenoir.nc.us/>.

BASIC FINANCIAL STATEMENTS

Lenoir County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Kinston-Lenoir TDA	Lenoir County ABC Board
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,613,656	\$ 3,264,215	\$ 5,877,871	\$ 108,764	\$ 802,564
Restricted cash	377,788	-	377,788	-	-
Accounts receivable, net	5,732,255	431,278	6,163,533	-	-
Taxes receivable, net	1,928,847	-	1,928,847	-	-
Investments	26,494,464	251,975	26,746,439	-	-
Due from other governments	3,033,526	-	3,033,526	56,174	-
Prepaid items	-	-	-	-	13,654
Inventories	-	-	-	-	439,683
	<u>40,180,536</u>	<u>3,947,468</u>	<u>44,128,004</u>	<u>164,938</u>	<u>1,255,901</u>
Noncurrent assets:					
Note receivable	3,000,000	-	3,000,000	-	-
Net pension asset	58,348	-	58,348	-	-
Capital assets:					
Land, non-depreciable improvements, and construction in progress	6,408,940	335,543	6,744,483	-	174,000
Other capital assets, net of depreciation	24,642,526	354,439	24,996,965	-	579,236
Total capital assets	<u>31,051,466</u>	<u>689,982</u>	<u>31,741,448</u>	<u>-</u>	<u>753,236</u>
Total assets	<u>74,290,350</u>	<u>4,637,450</u>	<u>78,927,800</u>	<u>164,938</u>	<u>2,009,137</u>
DEFERRED OUTFLOWS OF RESOURCES					
	<u>7,245,830</u>	<u>112,912</u>	<u>7,358,742</u>	<u>-</u>	<u>93,747</u>
LIABILITIES					
Accounts payable and accrued liabilities	3,072,057	150,402	3,222,459	49,331	790,917
Accrued interest payable	964,170	-	964,170	-	-
Capital lease payable	-	20,260	20,260	-	-
Current-portion of long-term liabilities	5,887,000	12,000	5,899,000	-	21,803
Long-term liabilities					
Net pension liability - LGERS	6,693,838	136,609	6,830,447	-	118,617
OPEB Liability	9,638,146	196,697	9,834,843	-	-
Total pension liability - LEOSSA	2,000,859	-	2,000,859	-	-
Compensated absences payable	360,215	24,115	384,330	-	-
Due in more than one year	44,433,532	2,785,301	47,218,833	-	-
Total long-term liabilities	<u>63,126,590</u>	<u>3,142,722</u>	<u>66,269,312</u>	<u>-</u>	<u>118,617</u>
Total liabilities	<u>73,049,817</u>	<u>3,325,384</u>	<u>76,375,201</u>	<u>49,331</u>	<u>931,337</u>
DEFERRED INFLOWS OF RESOURCES					
	1,231,499	23,341	1,254,840	-	3,942
NET POSITION					
Net investment in capital assets	17,402,348	558,727	17,961,075	-	699,193
Stabilization by State Statute	8,765,780	-	8,765,780	56,174	-
General government	-	-	-	-	-
Public safety	708,805	-	708,805	-	-
Capital Improvement	-	-	-	-	51,823
Education	(748,368)	-	(748,368)	-	-
Register of Deeds	173,785	-	173,785	-	-
Working Capital	-	-	-	-	143,705
Unrestricted	(19,047,486)	842,910	(18,204,576)	59,433	272,884
Total net position	<u>\$ 7,254,864</u>	<u>\$ 1,401,637</u>	<u>\$ 8,656,501</u>	<u>\$ 115,607</u>	<u>\$ 1,167,605</u>

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

Lenoir County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

Program Revenues					Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units		
					Governmental Activities	Business-type Activities	Total	Kinston-Lenoir TDA	Lenoir County ABC Board
Primary government:									
Governmental Activities:									
General government	\$ 7,757,503	\$ 764,297	\$ 1,954,133	\$ -	\$ (5,039,073)	\$ -	\$ (5,039,073)		
Public safety	22,991,333	1,866,821	6,615,133	-	(14,509,379)	-	(14,509,379)		
Environmental protection	160,836	-	91,035	-	(69,801)	-	(69,801)		
Economic and physical development	3,839,944	-	652,918	-	(3,187,026)	-	(3,187,026)		
Human services	15,566,718	345,888	8,631,261	-	(6,589,569)	-	(6,589,569)		
Cultural and recreational	1,714,649	-	-	-	(1,714,649)	-	(1,714,649)		
Education	13,844,844	-	750,000	-	(13,094,844)	-	(13,094,844)		
Interest on long-term debt	1,769,641	-	-	-	(1,769,641)	-	(1,769,641)		
Total governmental activities	67,645,468	2,977,006	18,694,480	-	(45,973,982)	-	(45,973,982)		
Business-type activities:									
Landfill	2,903,303	2,896,079	44,514	-	-	37,290	37,290		
Total business-type activities	2,903,303	2,896,079	44,514	-	-	37,290	37,290		
Total primary government	\$ 70,548,771	\$ 5,873,085	\$ 18,738,994	\$ -	\$ (45,973,982)	\$ 37,290	\$ (45,936,692)		
Component units:									
ABC Board	\$ 4,801,870	\$ 4,849,931	\$ -	\$ -				\$ -	\$ 48,061
TDA	508,597	-	-	-				(508,597)	-
Total component units	\$ 5,310,467	\$ 4,849,931	\$ -	\$ -				\$ (508,597)	\$ 48,061
General revenues:									
Taxes:									
Property taxes, levied for general purpose					35,787,085	-	35,787,085	-	-
Local option sales tax					11,569,488	-	11,569,488	-	-
Other taxes and licenses					446,235	31,097	477,332	449,383	-
Investment earnings, unrestricted					625,695	-	625,695	-	319
Miscellaneous, unrestricted					669,125	-	669,125	-	1,620
Transfers					50,000	(50,000)	-	-	-
Total general revenues, special items, and transfers					49,147,628	(18,903)	49,128,725	449,383	1,939
Change in net position					3,173,646	18,387	3,192,033	(59,214)	50,000
Net position, beginning, previously reported					3,403,509	1,383,250	4,786,759	174,821	1,117,605
Restatement					677,709	-	677,709	-	-
Net position, beginning, restated					4,081,218	1,383,250	5,464,468	174,821	1,117,605
Net position, ending					\$ 7,254,864	\$ 1,401,637	\$ 8,656,501	\$ 115,607	\$ 1,167,605

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

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

	Major	NonMajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,613,656	\$ 2,613,656
Restricted cash	-	377,788	377,788
Investments	26,248,663	-	26,248,663
Taxes receivable, net	1,807,179	121,668	1,928,847
Due from other governments	2,323,643	709,883	3,033,526
Accounts receivable, net	5,011,558	720,697	5,732,255
Total assets	<u>\$ 35,391,043</u>	<u>\$ 4,543,692</u>	<u>\$ 39,934,735</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	1,622,351	1,203,905	2,826,256
Total liabilities	<u>1,622,351</u>	<u>1,203,905</u>	<u>2,826,256</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	1,807,179	121,668	1,928,847
Prepaid taxes	74,787	-	74,787
Total deferred inflows of resources	<u>1,881,966</u>	<u>121,668</u>	<u>2,003,634</u>
Fund balances:			
Restricted:			
Stabilization by State Statute	7,335,201	1,430,579	8,765,780
Register of Deeds	-	173,785	173,785
Public Safety	-	294,927	294,927
Emergency services	-	413,878	413,878
School Capital	-	(748,368)	(748,368)
Committed:			
Scrap tire disposal	-	108,710	108,710
Vehicle replacement	-	161,936	161,936
Assigned:			
Subsequent year's expenditures	10,661,959		10,661,959
Unassigned:	13,889,566	1,382,672	15,272,238
Total fund balances	<u>31,886,726</u>	<u>3,218,119</u>	<u>35,104,845</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,391,043</u>	<u>\$ 4,543,692</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			31,051,466
Note receivable - Lenoir Memorial Hospital			3,000,000
Net pension asset - Register of Deeds			58,348
Charges related to re-funding bond issue			1,416,076
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position			1,493,156
Internal service fund net assets that primarily support governmental activities			(1,206,000)
Deferred inflows of resources for taxes and special assessments receivable			1,928,847
OPEB and Pension related deferrals			4,385,886
General obligation bonds payable			(38,150,531)
Notes payable			(11,100,001)
Compensated absences			(1,430,215)
Other postemployment benefit obligation			(9,638,146)
Net pension liability - LEO			(2,000,859)
Net pension liability - LGERS			(6,693,838)
Accrued interest			(964,170)
Net position of governmental activities			<u>\$ 7,254,864</u>

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

Lenoir County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major	NonMajor	
	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 34,419,102	\$ 1,507,992	\$ 35,927,094
Local option sales taxes	8,932,595	2,636,893	11,569,488
Other taxes and licenses	401,524	-	401,524
Unrestricted intergovernmental	428,114	-	428,114
Restricted intergovernmental	13,005,102	2,318,685	15,323,787
Sales and services	5,956,242	8,054	5,964,296
Investment earnings	625,497	198	625,695
Miscellaneous	1,057,654	111,472	1,169,126
Total revenues	<u>64,825,830</u>	<u>6,583,294</u>	<u>71,409,124</u>
EXPENDITURES			
Current:			
General government	6,910,463	987,048	7,897,511
Public safety	18,746,910	2,302,990	21,049,900
Economic and physical development	789,665	2,960,253	3,749,918
Human services	14,412,491	1,156,729	15,569,220
Sanitation	-	158,834	158,834
Cultural and recreational	1,660,500	-	1,660,500
Intergovernmental:			
Education	12,681,931	1,162,913	13,844,844
Debt service:			
Principal	5,038,189	-	5,038,189
Interest	1,891,681	-	1,891,681
Total expenditures	<u>62,131,830</u>	<u>8,728,767</u>	<u>70,860,597</u>
Excess (deficiency) of revenues over expenditures	<u>2,694,000</u>	<u>(2,145,473)</u>	<u>548,527</u>
OTHER FINANCING SOURCES			
Transfers from other funds	2,250,000	3,122,407	5,372,407
Transfers to other funds	<u>(3,072,407)</u>	<u>(2,250,000)</u>	<u>(5,322,407)</u>
Total other financing sources and uses	<u>(822,407)</u>	<u>872,407</u>	<u>50,000</u>
Net change in fund balance	1,871,593	(1,273,066)	598,527
Fund balances-beginning, as previously reported	29,337,424	4,491,185	33,828,609
Restatement	677,709	-	677,709
Fund balances-beginning, restated	30,015,133	4,491,185	34,506,318
Fund balances-ending	<u>\$ 31,886,726</u>	<u>\$ 3,218,119</u>	<u>\$ 35,104,845</u>

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

Lenoir County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balance - total government funds		\$ 598,527
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Capital outlay expenditures which were capitalized.	1,507,685	
Depreciation expense for governmental assets.	<u>(2,975,867)</u>	(1,468,182)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.		6,000
Contributions to OPEB and the pension plan in the current fiscal year are not included on the Statement of Activities.		2,034,605
Payments received from Lenoir Memorial Hospital are reported as a reduction in note receivable balance in Governmental Activities Statement of Net Position.		(500,000)
Internal service fund operations that primarily support governmental activities.		(457,623)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds - change in deferred inflows of resources for tax revenues.		(103,429)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(44,110)	
Accrued interest	99,143	
Pension expense	(2,052,371)	
Amortization of bond premiums not recorded on fund statements	<u>164,505</u>	(1,832,833)
Loss on the advance refunding of bonds.		(141,608)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net of these differences in the treatment of long-term debt and related items.		5,038,189
Total changes in net position of governmental activities		<u><u>\$ 3,173,646</u></u>

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

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

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 33,913,354	\$ 33,687,405	\$ 34,419,102	\$ 731,697
Local option sales tax	8,200,000	8,200,000	8,932,595	732,595
Other taxes and licenses	-	375,000	401,524	26,524
Unrestricted intergovernmental revenues	2,347,376	322,500	428,114	105,614
Restricted intergovernmental revenues	10,363,105	13,159,784	13,005,102	(154,682)
Permits and fees	1,300,648	1,689,648	1,786,961	97,313
Sales and services	2,779,006	3,651,950	4,169,281	517,331
Investment earnings	-	201,500	625,497	423,997
Miscellaneous	1,044,291	1,128,291	1,057,654	(70,637)
Total revenues	<u>59,947,780</u>	<u>62,416,078</u>	<u>64,825,830</u>	<u>2,409,752</u>
Expenditures				
Current:				
General government	7,306,612	7,376,730	6,910,463	466,267
Public safety	16,744,129	19,386,490	18,746,910	639,580
Economic and physical development	615,982	936,405	789,665	146,740
Human Services	17,270,261	17,456,751	14,412,491	3,044,260
Cultural and recreational	1,660,500	1,660,500	1,660,500	-
Intergovernmental:				
Education	12,410,000	12,735,000	12,681,931	53,069
Debt service:				
Principal retirement	5,031,126	5,038,189	5,038,189	-
Interest	1,890,000	1,891,681	1,891,681	-
Total expenditures	<u>62,928,610</u>	<u>66,481,746</u>	<u>62,131,830</u>	<u>4,349,916</u>
Revenues over (under) expenditures	(2,980,830)	(4,065,668)	2,694,000	6,759,668
Other financing sources (Uses):				
Operating transfers from (to) other funds	(822,407)	(927,100)	(822,407)	104,693
Contingency	(50,000)	-	-	-
Fund Balance Appropriated	3,853,237	4,992,768	-	(4,992,768)
Total other financing sources and uses	<u>2,980,830</u>	<u>4,065,668</u>	<u>(822,407)</u>	<u>(4,888,075)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	1,871,593	\$ <u>1,871,593</u>
Fund Balances - Beginning, as previously reported			29,337,424	
Restatement			677,709	
Fund Balances - Beginning, restated			30,015,133	
Fund Balances - Ending			<u>\$ 31,886,726</u>	

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

Lenoir County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

Exhibit 6

	Major Enterprise Fund		Internal Service Fund	Total
	Landfill Fund			
Assets				
Current Assets:				
Cash and cash equivalents	\$ 3,264,215	\$ -	\$ 3,264,215	
Accounts receivable, net	431,278	418	431,696	
Restricted cash	-	-	-	
Investments	251,975	-	251,975	
Total Current Assets	<u>3,947,468</u>	<u>418</u>	<u>3,947,886</u>	
Noncurrent assets:				
Capital assets:				
Land and non-depreciable assets	335,543	-	335,543	
Other capital assets, net of depreciation	354,439	-	354,439	
Capital assets (net)	689,982	-	689,982	
Total noncurrent assets	<u>689,982</u>	<u>-</u>	<u>689,982</u>	
Total Assets	<u>4,637,450</u>	<u>418</u>	<u>4,637,868</u>	
Deferred Outflows of Resources	<u>112,912</u>	<u>-</u>	<u>112,912</u>	
Liabilities				
Current Liabilities:				
Accounts payable & accrued liabilities	150,402	1,206,418	1,356,820	
Capital lease payables	20,260	-	20,260	
Accrued Interest	-	-	-	
Due to other funds	-	-	-	
Total Current Liabilities	<u>170,662</u>	<u>1,206,418</u>	<u>1,377,080</u>	
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	2,674,306	-	2,674,306	
Compensated absences	36,115	-	36,115	
Other postemployment benefits	196,697	-	196,697	
Capital lease payables	110,995	-	110,995	
Net pension liability	136,609	-	136,609	
Total noncurrent liabilities	<u>3,154,722</u>	<u>-</u>	<u>3,154,722</u>	
Total Liabilities	<u>3,325,384</u>	<u>1,206,418</u>	<u>4,531,802</u>	
Deferred Inflows of Resources	<u>23,341</u>	<u>-</u>	<u>23,341</u>	
Net Position				
Net investment in capital assets	558,727	-	558,727	
Unrestricted	<u>842,910</u>	<u>(1,206,000)</u>	<u>(363,090)</u>	
Total Net Position	<u>\$ 1,401,637</u>	<u>\$ (1,206,000)</u>	<u>\$ 195,637</u>	

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

Lenoir County, North Carolina
Statement of Revenues and Expenditures and
Changes in Fund Net Position
Proprietary Funds
For The Year Ended June 30, 2019

Exhibit 7

	Major Enterprise Fund	Internal Service Fund
	Landfill Fund	Fund
Operating revenues:		
Charges for Services	\$ 2,896,079	\$ 4,418,789
Other operating revenues	44,514	-
Total Operating Revenues	<u>2,940,593</u>	<u>4,418,789</u>
Operating expenses:		
Cost of operations	2,779,800	4,876,412
Landfill closure and postclosure care costs	80,897	-
Depreciation	42,606	-
Total operating expenses	<u>2,903,303</u>	<u>4,876,412</u>
Total Operating Income (Loss)	<u>37,290</u>	<u>(457,623)</u>
Nonoperating Revenues(Expenses):		
Investment earnings	-	-
Sale of capital assets	-	-
Solid waste disposal taxes	31,097	-
White goods disposal taxes	-	-
Total Nonoperating Revenues (Expenses)	<u>31,097</u>	<u>-</u>
Transfers in	-	-
Transfers (out)	<u>(50,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(50,000)</u>	<u>-</u>
Changes in net position	18,387	(457,623)
Net position, beginning	1,383,250	(748,377)
Total net position, Ending	<u><u>\$ 1,401,637</u></u>	<u><u>\$ (1,206,000)</u></u>

Lenoir County, North Carolina
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2019

Exhibit 8

	Major Enterprise Fund		
	Landfill Fund	Internal Service Fund	Total
Cash Flows From Operating Activities:			
Cash Received from Customers/others	\$ 2,896,079	\$ 4,418,789	\$ 7,314,868
Cash paid to suppliers for goods and services	(1,933,085)	(4,418,789)	(6,351,874)
Cash paid to employees for services	(826,748)	-	(826,748)
Other operating revenue	44,514	-	44,514
Net cash provided by (used for) operating activities	<u>180,760</u>	<u>-</u>	<u>180,760</u>
Cash Flows from (use by) capital and related financing activities:			
Principal repayments on long-term debt	(18,745)	-	(18,745)
Acquisition of capital assets	-	-	-
Loan proceeds	-	-	-
Interest expense	-	-	-
Net cash flows provided (used) by capital financing activities	<u>(18,745)</u>	<u>-</u>	<u>(18,745)</u>
Cash Flows from (used for) noncapital financing activities:			
Advances from other funds	(50,000)	-	(50,000)
Transfers in/out (net)	-	-	-
Net cash flows provided (used) by noncapital financing activities	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
 Net increase (decrease) in cash and cash equivalents	 112,015	 -	 112,015
Cash and cash equivalents, beginning of year	3,152,200	-	3,152,200
Cash and cash equivalents, end of year	<u>\$ 3,264,215</u>	<u>-</u>	<u>3,264,215</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 37,290	(457,623)	(420,333)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Solid waste disposal taxes	31,097	-	31,097
White goods disposal taxes	-	-	-
Landfill closure and postclosure care costs	80,897	-	80,897
Gain on sale of capital assets	-	-	-
Depreciation expense	42,606	-	42,606
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(46,032)	-	(46,032)
Increase (decrease) in accounts payable and accrued liabilities	9,485	457,623	467,108
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in net pension liability	44,970	-	44,970
Increase (decrease) in OPEB liability	(2,261)	-	(2,261)
(Increase) decrease in deferred outflows of resources for pensions	(39,037)	-	(39,037)
Increase (decrease) in deferred inflows of resources for pensions	10,001	-	10,001
Increase (decrease) in accrued vacation pay	11,744	-	11,744
Net cash provided (used) by operating activities	<u>\$ 180,760</u>	<u>-</u>	<u>180,760</u>

Lenoir County, North Carolina
Statement of Fiduciary Net Position
June 30, 2019

Exhibit 9

	Agency Funds
Assets	
Cash and cash equivalents	\$ 4,285
Liabilities and Net Position	
Miscellaneous liabilities	4,285
Total liabilities	4,285
Net Position	\$ -

NOTES TO THE FINANCIAL STATEMENTS

LENOIR COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of Lenoir County 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 Lenoir County ABC Board (the Board) and the Kinston-Lenoir County Tourism Development Authority (the Authority), which both have June 30 year-ends, are presented as if they were separate proprietary funds of the County (discrete presentation). Lenoir County Industrial Facility and Pollution Control Financing Authority (the Financing Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Component Unit	Method	Criteria for Inclusion	Separate Financial Statement
Lenoir County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is 110 S. Heritage Street Kinston, NC required by State statute to distribute its surpluses to 28502 the General Fund of the County.	Lenoir County ABC Board
Kinston-Lenoir County Tourism Development Authority	Discrete	The Authority exists to promote travel and tourism within the County. The Authority was created by Lenoir County and the County finance officer is the ex officio finance officer of the Authority.	Kinston-Lenoir County Tourism Development Authority 301 North Queen St. Kinston, NC 28502
Lenoir County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing Authority is governed by a six-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.

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 nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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 County reports the following major enterprise fund:

Landfill Fund - This fund is used to account for the operations of the County landfill.

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 two agency funds: the Social Services Fund, which accounts for moneys deposited with the Social Services Department for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Lenoir County Board of Education.

Internal Service Fund. The Employee Insurance Fund is used to account for the allocation of hospitalization insurance to each fund.

Non-major Funds. The County maintains twelve legally budgeted funds. The Federally Seized Property Fund, School Capital Outlay Fund, Scrap Tire Disposal Fund, Revaluation Reserve Fund, Fire District Funds, Transportation Grant Project Fund, CDBG Fund, Emergency Telephone System Fund, Family and Caregiver Education Fund, Vehicle Replacement Fund, Automation Preservation Fund, and State Controlled Substance Fund are reported as non-major special revenue funds. The Capital Project Fund and the Capital Improvements Fund are reported as a non-major capital project funds.

C. Measurement Focus, Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year on 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 and proprietary 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. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a 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 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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special Revenue Funds, the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Projects Fund and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating fund 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 all annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

As required by State law [G.S. 159-26(d)], the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The County has no encumbrances outstanding at year-end and any unencumbered appropriations lapse at year-end.

E. Assets, Liabilities, Deferred Outflow/Inflows of Resources and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County, the Tourism Development Authority, and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). Investments are reported at fair value, with the exception of external investment pools which comply with criteria set forth in Section 150: Investments of the GASB Codification and have elected to measure their investments at amortized cost. Accordingly, the fair value of the County's position in the external investment pools having met these criteria is equal to the value of pooled shares.

The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

2. Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and maximize investment income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of each month. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash and cash equivalents, and records them at cost. The Tourism Development Authority considers all bank deposits cash and cash equivalents.

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

4. Restricted Assets

Unexpended bond proceeds are classified as restricted assets on the balance sheet 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. The cash in the Federally Siezed Property Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the Scrap Tire Disposal Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Governmental Activities:

General Fund:

Federally Siezed Property	\$ 259,481
Scrap Tire Disposal	118,307
Total Restricted Cash	<u>\$ 377,788</u>

5. 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.

6. Inventories and Prepaid Items

Lenoir County accounts for inventories using the "purchases method." Under the purchases method, purchases are recorded as expenditures when purchased. The County did not have significant amounts of inventory on hand at year-end. The inventory of the ABC Board is valued at the lower of cost or market, and consists of products held for resale. The cost of this inventory is charged to cost of sales as the inventory is sold. Occasionally, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

7. 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 minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend the asset's life are not capitalized.

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

<u>Asset Class</u>	<u>Years</u>
Buildings	10 - 50
Furniture and equipment	10
Maintenance and construction equipment	5 - 10
Vehicles	6

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Years</u>
Buildings	20 - 30
Furniture and equipment	5 - 10
Leasehold improvements	10 - 20

Capital assets for the Tourism Development Authority are depreciated over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Equipment	5

8. Deferred outflows/inflows of resources

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

9. 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.

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The ABC board provides for the accumulation of up to fifteen days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board statements, 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 and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

The Tourism Development Authority has no employees. They are managed by the Kinston-Lenoir County Chamber of Commerce under an agreement signed on June 3, 2015, which expires on June 30, 2020. The Tourism Development Authority pays a monthly management fee of 15% of the net occupancy tax collection plus, if present, 10% of the excess collections received over collections budgeted. The agreement also guarantees a minimum payment of \$3,000 per month.

11. 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 balances 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 amounts 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 Register of Deeds – portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for the construction of a new jail and to maintain funds for sheriff's use from federally seized property and state controlled substance tax.

Restricted for Emergency Services – portion of fund balance that is restricted by revenue source for the establishment and maintenance of emergency telephone services.

Restricted for School Capital – portion of fund balance that can only be used for school capital outlay.

Restricted fund balance at June 30, 2019 is as follows:

Purpose	General Fund	Other Governmental Funds
Restricted:		
Stabilization by State Statute	\$ 7,335,201	\$ 1,167,437
Register of Deeds	-	173,785
Public safety	-	294,927
Emergency Services	-	413,878
School Capital	-	(748,368)
Total	<u>\$ 7,335,201</u>	<u>\$ 1,301,659</u>

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

Committed for Scrap Tire Disposal – portion of fund balance set aside for the disposal of scrap tires.

Committed for Vehicle Replacement – portion of fund balance set aside for the replacement of County vehicles using local tax dollars, insurance reimbursements, and sales of surplus vehicles.

Committed for Capital Improvements – portion of fund balance used for long-term improvements of the County's infrastructure.

Purpose	General Fund	Other Governmental Funds
Committed:		
Scrap tire	\$ -	\$ 140,779
Vehicle replacement	-	161,936
Capital improvements	-	-
Total	<u>\$ -</u>	<u>\$ 302,715</u>

Assigned Fund Balance – portion of fund balance that the County intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

Lenoir 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 funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance and lastly, unassigned fund balance. The Finance Officer had the authority to deviate from this policy if it is in the best interest of the County.

12. Defined Benefit Pension Plans

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

F. Reconciliation of Government-wide & Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$25,615,351) consists of the following elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 65,585,748
Less accumulated depreciation.	(32,336,232)
Net capital assets.	33,249,516
Net pension asset.	58,348
Note receivable - Lenoir Memorial Hospital	3,000,000
Charges related to re-funding bond issue.	1,416,076
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	1,493,156
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	1,965,427
Internal service fund net assets that primarily support governmental activities.	(1,206,000)
OPEB and Pension related deferrals.	4,385,886
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Long-term debts, including bonds and notes payable	(49,250,532)
Net pension liability - LGERS	(6,693,838)
Net pension liability - LEOSSA	(2,000,859)
OPEB payable	(9,638,146)
Accrued interest payable	(964,170)
Compensated absences	(1,430,215)
Total adjustment	<u>\$ (25,615,351)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$4,809,749 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 3,705,735
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	(2,975,867)
Cost of capital assets disposed of during year.	587,822
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	5,038,189
Payment on note receivable from Lenoir Memorial Hospital.	(500,000)
Amortization of bond premiums.	164,505
Loss on advance refunding of bonds.	(141,608)
Internal service fund operations that primarily support governmental activities.	(457,623)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,034,605
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in fund statements	(103,429)
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. This includes accrued interest payable, compensated absences, pension expense and OPEB.	(2,542,580)
Total adjustment	<u>\$ 4,809,749</u>

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

None.

B. Deficit Fund Balance or Net Position of Individual Funds

The Internal Services Fund has a deficit fund balance due to timing issues related to income.

C. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, TDA's, and the ABC Board'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, TDA's, or the ABC Board'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, TDA, and the ABC Board, these deposits are considered to be held by their agent in the entities' name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the ABC Board, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, TDA, or the ABC Board 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 ABC Board and the Authority have no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$6,252,738 and a bank balance of \$6,936,297. Of the bank balance, \$250,000 was covered by federal depository insurance the remainder was covered by the pooling method. At June 30, 2019 the County had \$2,921 cash on hand and cash in Fiduciary was \$4,285.

At June 30, 2019, the carrying amount of deposits for Lenoir County ABC Board was \$797,264 and a bank balance of \$784,847. Of this balance, \$250,000 was covered by federal depository insurance and \$534,847 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2019, the ABC Board had \$5,300 cash on hand.

At June 30, 2019, the carrying amount of deposits for Lenoir County TDA was \$135,914 and a bank balance of \$135,914. Of the bank balance, 100% was covered by federal depository insurance. At June 30, 2019, the Lenoir County TDA's petty cash fund totaled \$50.

2. Investments

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. The County's 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. As of June 30, 2019, the County's investments consisted of \$26,746,439 in the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

At June 30, 2019 the ABC Board and the Authority had no 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 recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2016	2,330,435	763,220	\$ 3,093,655
2017	2,343,737	556,639	2,900,376
2018	2,354,181	347,243	2,701,424
2019	2,351,882	135,289	2,487,171
Total	<u>\$ 9,380,236</u>	<u>\$ 1,802,391</u>	<u>\$ 11,182,626</u>

4. Receivables

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

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 5,011,558	\$ 1,807,179	\$ 2,323,643	\$ 9,142,380
Other Governmental	720,697	121,668	709,883	1,552,248
Total Receivables	5,732,255	1,928,847	3,033,526	10,694,628
Allowance for Doubtful Accounts	-	-	-	-
Total Governmental Activities	\$ 5,732,255	\$ 1,928,847	\$ 3,033,526	\$ 10,694,628
Business-Type Activities:				
Landfill receivables	\$ 431,278	\$ -	\$ -	\$ 431,278
Allowance for Doubtful Accounts	-	-	-	-
Total Business-Type Activities	\$ 431,278	\$ -	\$ -	\$ 431,278

5. Note Receivable

On January 4, 2004, Lenoir County sold its hospital facility and land to Lenoir Memorial Hospital for \$12,000,000. Lenoir Memorial Hospital paid to the County a down payment of \$2,000,000 upon closing of the sale. The remaining balance of \$10,000,000 is payable in 20 annual installments of \$500,000 beginning on or before July 10, 2005 and ending on July 10, 2024. The promissory note does not bear any interest and is subordinated to outstanding bonds payable by the Hospital. Should Lenoir Memorial Hospital dissolve or fail to operate the property as a community general hospital, all ownership rights in the property including licenses, the certificate of need, and other assets of the Hospital shall revert back to the County. The outstanding balance of the promissory note receivable as of June 30, 2019 is \$3,000,000.

6. Capital Assets**Primary Government**

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

	Beginning Balances July 1, 2018	Additions	Retirements	Transfers	Ending Balances June 30, 2019
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 6,408,940	\$ -	\$ -	\$ -	\$ 6,408,940
Construction in Progress	1,809,846	388,204	(2,198,050)	-	-
Total capital assets not being depreciated	8,218,786	388,204	(2,198,050)	-	6,408,940
Capital assets being depreciated:					
Buildings	37,708,426	2,173,550	-	-	39,881,976
Equipment/Machinery	10,390,756	124,542	(8,686)	-	10,506,612
Vehicles/Fire Truck	5,738,790	1,019,439	(579,136)	-	6,179,093
Other Improvements	411,077	-	-	-	411,077
Total capital assets being depreciated	54,249,049	3,317,531	(587,822)	-	56,978,758
Less accumulated depreciation for:					
Buildings	19,210,810	1,548,573	-	-	20,759,383
Equipment/Machinery	5,827,010	790,257	(8,686)	-	6,608,581
Vehicles/Fire Truck	4,568,686	627,465	(579,136)	-	4,617,015
Equipment	341,681	9,572	-	-	351,253
Total accumulated depreciation	29,948,187	\$ 2,975,867	\$ (587,822)	\$ -	32,336,232
Total capital assets being depreciated, net	24,300,862				24,642,526
Governmental activity capital assets, net	\$ 32,519,649				\$ 31,051,466

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

General government	\$ 181,464
Public Safety	2,412,622
Economic and Community Development	81,359
Human Services	249,583
Cultural and Recreational	50,839
Total Depreciation Expense	<u>\$ 2,975,867</u>

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Business-type Activities					
Landfill Fund					
Capital assets not being depreciated:					
Land	\$ 335,543	\$ -	\$ -	\$ -	\$ 335,543
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	335,543	-	-	-	335,543
Capital assets being depreciated:					
Buildings and improvements	5,462,525	-	-	-	5,462,525
Equipment	1,447,771	-	-	-	1,447,771
Vehicles	326,702	-	-	-	326,702
Total capital assets being depreciated	7,236,998	-	-	-	7,236,998
Less accumulated depreciation for:					
Buildings and improvements	5,447,152	1,087	-	-	5,448,239
Equipment	1,066,098	41,519	-	-	1,107,617
Vehicles	326,703	-	-	-	326,703
Total accumulated depreciation	6,839,953	\$ 42,606	\$ -	\$ -	6,882,559
Total capital assets being depreciated, net	397,045				354,439
Landfill Fund capital assets, net	<u>\$ 732,589</u>				<u>\$ 689,982</u>

Discretely presented component units

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 174,000	\$ -	\$ -	\$ -	\$ 174,000
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	174,000	-	-	-	174,000
Capital assets being depreciated:					
Buildings and improvements	505,223	57,243	-	-	562,466
Equipment and furniture	89,940	6,499	-	-	96,439
Vehicles	35,838	48,178	-	-	84,016
Leasehold improvements	161,963	2,450	-	-	164,413
Total capital assets being depreciated	792,964	114,370	-	-	907,334
Less accumulated depreciation for:					
Buildings and improvements	49,470	13,465	-	-	62,935
Equipment and furniture	75,530	7,973	-	-	83,503
Vehicles	29,557	4,568	-	-	34,125
Leasehold improvements	142,586	4,949	-	-	147,535
Total accumulated depreciation	297,143	\$ 30,955	\$ -	\$ -	328,098
Total capital assets being depreciated, net	495,821				579,236
Water Fund capital assets, net	<u>\$ 669,821</u>				<u>\$ 753,236</u>

Activity for the Tourism Development Authority or the year ended June 30, 2019, was as follows:

	Balances	Increases	Decreases	Balances
Capital assets being depreciated:				
Equipment	\$ 1,874	-	-	\$ 1,874
Less accumulated depreciation for:				
Equipment	1,874	-	-	1,874
Authority capital assets, net	<u>\$ -</u>			<u>\$ -</u>

Net Investment in Capital Assets

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

	Governmental Activities	Business-Type Activities	ABC Board	TDA
Capital assets, net of depreciation	\$ 31,051,466	\$ 689,982	753,236	\$ -
Less: Long-term debt	(13,649,118)	(131,255)	(54,043)	-
Net investment in capital assets	<u>\$ 17,402,348</u>	<u>\$ 558,727</u>	<u>699,193</u>	<u>\$ -</u>

B. Liabilities

1. Payables

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

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 1,855,377	\$ 12,775	\$ 1,868,152
Other governmental	1,203,905	-	1,203,905
Total governmental activities	<u>\$ 3,059,282</u>	<u>\$ 12,775</u>	<u>\$ 3,072,057</u>
Business-Type Activities:			
Landfill Fund	\$ 150,402	\$ -	\$ 150,402
Total business-type activities	<u>\$ 150,402</u>	<u>\$ -</u>	<u>\$ 150,402</u>

2. Pension Plan and Other Post Employment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic 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 8.5% of compensation for law enforcement officers and 7.82% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,520,115 for the year ended June 30, 2019.

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

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 \$6,830,447 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.28792%, which was a decrease of 0.012% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,901,063. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,053,776	\$ 35,359
Changes of assumptions	1,812,537	-
Net difference between projected and actual earnings on pension plan investments	937,617	-
Changes in proportion and differences between County contributions and proportionate share of contributions	12,696	132,713
County contributions subsequent to the measurement date	1,520,115	-
Total	<u>\$ 5,336,741</u>	<u>\$ 168,072</u>

\$1,520,115 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 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	1,793,877
2021	1,157,577
2022	182,159
2023	514,941
2024	-
Thereafter	-
Total	<u>\$ 3,648,554</u>

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

Inflation	3.0 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1 % Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$16,407,326	\$6,830,447	(\$1,172,142)

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

The Lenoir County ABC Board is also a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS). The ABC Board's proportionate share of the net pension liability is not materially relative to the primary government, Lenoir County. Therefore, pension disclosures for the ABC Board are not included in this report. Detailed information about the ABC Board's pension plan is included in the separately issued audit report of the Lenoir County ABC Board.

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description - Lenoir County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The County has made no contributions to this plan. A separate report was not issued for the plan.

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

Retirees Receiving Benefits	13
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	67
Total	<u>80</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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

(3) Actuarial Assumptions

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

Inflation	2.5 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 as of December 31, 2018.

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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration cost of the Separation Allowance are financed through investment earnings. The County paid \$163,657 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability of \$2,000,859. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$162,810.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,554	\$ 16,228
Changes of assumptions and other inputs	67,341	84,619
County benefit payments and administrative expenses subsequent to the measurement date.	-	-
	<u>\$ 119,895</u>	<u>\$ 100,847</u>

The County paid \$0 in benefit payments and \$0 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	4,874
2021	4,874
2022	5,515
2023	5,649
2024	(1,864)
Thereafter	-
	<u>\$ 19,048</u>

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

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 2,166,301	\$ 2,000,859	\$ 1,851,273

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

	2019
Beginning balance	\$ 2,015,880
Service Cost	96,749
Interest on the total pension liability	61,187
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	63,548
Changes of assumptions or other inputs	(77,362)
Benefit payments	(159,143)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,000,859</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all employees 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 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. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and the County has elected to contribute five percent of all employees participating in the State retirement system. All law enforcement amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$1,169,480, which consisted of \$942,547 from the County and \$226,933 from the employees.

d. Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,738 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$58,348 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.35228%, which was an increase of 0.01059% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the County recognized pension expense of \$12,447. 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	\$ 514	\$ 2,663
Net difference between projected and actual earnings on pension plan investments	2,744	-
Changes in proportion and differences between County contributions and proportionate share of contributions	9,300	-
Changes of assumptions	1,237	1,864
County contributions subsequent to the measurement date	4,738	
Total	<u>\$ 18,533</u>	<u>\$ 4,527</u>

\$4,738 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	5,145
2021	(62)
2022	2,741
2023	1,444
2024	-
Total	<u>\$ 9,268</u>

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

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

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) 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)	\$46,004	\$58,348	\$68,758

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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 6,830,447	\$ (58,348)	n/a	\$ 6,772,099
Proportion of the Net Pension Liability (Asset)	0.28792%	0.35228%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 2,000,859	\$ 2,000,859
Pension Expense	\$ 1,901,063	\$ 12,447	\$ 162,810	\$ 2,076,320

As 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>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,053,776	\$ 514	\$ 52,554	\$ 1,106,844
Changes of assumptions	1,812,537	1,237	67,341	1,881,115
Net difference between projected and actual earnings on pension plan investments	937,617	2,744	-	940,361
Changes in proportion and differences between County contributions and proportionate share of contributions	12,696	9,300	-	21,996
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,520,115	4,738	-	1,524,853
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ 35,359	\$ 2,663	\$ 16,228	\$ 54,250
Changes of assumptions	-	1,864	84,619	86,483
Changes in proportion and differences between County contributions and proportionate share of contributions	132,713	-	-	132,713

e. Other Post Employment BenefitsHealthcare Benefits

Plan Description - Under the terms of the County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2006, this plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least twenty years of creditable service with the County. The County pays the full cost of coverage for these benefits through private insurers. The County Board may amend the benefit provisions. A separate report was not issued for the plan. If hired after January 8, 2013 no health benefits will be paid for retirees.

Membership of the HCB Plan consisted of the following at December 31, 2018, the date of latest actuarial valuation:

	<u>General Employees</u>
Retirees and dependents receiving benefits	44
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	389
Total	<u>433</u>

Funding Policy - The retirees pay the same amount for equal coverage equivalent to what active County employees pay under a County resolution that can be amended by the Board of Commissioners. The County members pay for dependent coverage based on size of family. The County has chosen to fund the healthcare benefits on a pay as you go basis.

Total OPEB Liability

The County's total OPEB liability of \$9,834,843 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

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

Changes in the Total OPEB Liability	
Balance at July 1, 2018	\$ 9,947,897
Changes for the year	
Service cost	413,685
Interest	349,816
Changes of benefit terms expected and actual	(315,563)
Changes in assumptions or other inputs	(315,626)
Benefit Payments	(245,366)
Net changes	(113,054)
Balance at June 30, 2019	\$ 9,834,843

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

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

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

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

	1 % Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$10,830,688	\$9,834,843	\$8,951,795

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

	1 % Decrease	Current	1% Increase
Total OPEB Liability	\$8,691,586	\$9,834,843	\$11,208,800

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 \$613,883. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 314,611
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
Changes of assumptions	-	591,996
County contributions subsequent to the measurement date	467,497	-
Total	<u>\$ 467,497</u>	<u>\$ 906,607</u>

\$467,497 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2020	(149,618)
2021	(149,618)
2022	(149,618)
2023	(149,618)
2024	(149,618)
Thereafter	(158,517)
Total	<u>\$ (906,607)</u>

Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Pensions, OPEB) - difference between expected and actual experience	\$ 1,106,844	\$ 368,861
(Pensions, OPEB) - Net difference between projected and actual investment earnings	940,361	-
(Pensions, OPEB) - change in proportion and difference between employer contributions and proportionate share of contributions	21,996	132,713
(Pensions, OPEB) - change in assumptions	1,881,115	678,479
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	1,524,853	-
Benefit payments for the OPEB plan paid subsequent to measurement date	467,497	-
Deferred loss on refunding of debt	-	-
Prepaid taxes not yet earned (General)	-	74,787
Taxes receivable, net, less penalties (General)	-	1,807,179
Taxes receivable, net, less penalties (Special Revenue)	-	121,668
Total	<u>\$ 5,942,666</u>	<u>\$ 3,183,687</u>

f. 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.

4. Closure and Post closure Care Costs - Lenoir County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,674,306 reported as landfill closure and post-closure care liability at June 30, 2019 represents a cumulative amount reported to date based on the use of 81% of the total estimated capacity of the old landfill and 53 % of the total estimated capacity of the new landfill. Lenoir County closed the old facility in the fiscal year ended 1999. Total cost incurred to date on the final cover of the old and new landfill is \$1,176,377 and \$1,041,995, respectively. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,036,658 as the remaining estimated capacity of the new landfill is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

5. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County obtains property insurance coverage and general liability coverage for these risks. The County participates in two self-funded risk-financing programs, one administered by Discovery Insurance Services and one administered by Medcost Benefit Services. Through these programs, the County obtains workers' compensation coverage up to the statutory limits, and health insurance for County employees. For health insurance, the County is reinsured through the program for individual losses in excess of \$150,000 and aggregate annual losses in excess of 115% of expected claims. The workers' compensation program is reinsured through commercial carrier for individual losses in excess of \$600,000. Based on past experience, management believes the above coverages are sufficient.

The County carries flood insurance purchased through a local agent on three county buildings; the Cooperative Extension Building, Livestock Arena, and the Kinston Lenoir County Visitors Center. The County carries \$500,000 coverage on the Cooperative Extension Building and \$68,300 coverage on the contents. On the Livestock Arena, the County carries \$409,000 coverage on the building and \$0 coverage on the contents. The County carries \$350,000 coverage on the Visitors Center building and \$100,000 on the contents.

In accordance with G.S. 159-29, the County's employees that have access of \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance is individually bonded for \$50,000, and the tax collector is individually bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims from these risks have not exceeded the total commercial insurance coverage in any of the last three fiscal years.

Lenoir County ABC Board 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 ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 18B-700(i) and G.S. 18B-803(b), each Lenoir County ABC Board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000 secured by a corporate surety.

Kinston-Lenoir County Tourism Development 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 Authority does not carry flood insurance. The Authority does carry commercial coverage for all other risks of loss. There have been not significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Authority has no employees.

6. Contingent Liabilities

At June 30, 2019, in the opinion of the County's management and the County attorney, there are no legal matters that will have a material adverse effect on the County's financial position.

7. Long-Term Obligations

The County records long-term debt of the governmental funds at face value in the government-wide statement of net position. All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit and taxing power of the County. Principal and interest payments are appropriated when due. In the event of a default, the County agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the County under this Agreement

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

Serviced by the County's General Fund:

\$18,970,000 of 2013 Refunding Bonds, in annual installments of up to \$1,770,000 through February 1, 2028	\$ 14,970,000
\$24,318,000 of 2015 Refunding Bonds, in annual installments of up to \$2,751,000 through February 1, 2029	21,700,000
	<u>\$ 36,670,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 3,892,000	\$ 1,102,850
2021	3,868,000	980,061
2022	3,833,000	857,860
2023	3,793,000	736,672
2024	3,752,000	453,048
2025-2029	17,532,000	926,160
Total	\$ 36,670,000	\$ 5,056,651
Premium on bonds	1,480,531	-
	<u>\$ 38,150,531</u>	<u>\$ 5,056,651</u>

As June 30, 2019, Lenoir County had a legal debt margin of \$279,938,827.

b. Notes Payable

On October 14, 2010, the County issued \$18,500,000 of direct placement Recovery Zone Economic Development Bonds to enable the County to construct a new five story, 65,000 square foot jail facility on County owned property. The loan is through BB&T and requires annual installments of \$925,000 through October 14, 2030. At June 30, 2019, the balance of the note was \$11,100,000.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 925,000	\$ 682,650
2021	925,000	625,763
2022	925,000	568,875
2023	925,000	511,988
2024	925,000	455,100
2025-2029	4,625,000	1,451,526
2030-2034	1,850,000	531,650
Total	<u>\$ 11,100,000</u>	<u>\$ 4,827,552</u>

The Recovery Zone Economic Development Bonds are part of the 2009 American Recovery and Reinvestment Act (ARRA). For these Recovery Zone Bonds, the County will receive a 45% interest payment subsidy. The interest rebate will be recognized as follows:

Year Ending June 30	Interest Rebate
2020	\$ 307,193
2021	281,593
2022	255,994
2023	230,395
2024	204,795
2025-2029	653,187
Total	<u>\$ 1,933,156</u>

The ABC Board obtained financing from First Citizens Bank on May 19, 2014 for the purchase and renovation of a building and related land in the amount of \$524,450. The ABC Board used the building to relocate a store. The loan agreement calls for interest only payments to be made for the first six months beginning July 1, 2014 and principal and interest payments of \$3,749 beginning on January 1, 2015. The interest rate is a fixed amount of 3.45%.

c. Capital Leases

The County has entered agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

An agreement was executed on October 1, 2017 to lease a loader that requires 7 annual payments of \$26,564. Title passes to the County at the end of the lease term.

The following is an analysis of the assets recorded under the capital lease at June 30, 2019:

Business-type:			
Equipment	\$ 150,000	\$ 21,429	\$ 128,571
Telephones	3,144	3,144	-
	<u>\$ 153,144</u>	<u>\$ 24,573</u>	<u>\$ 128,571</u>

Depreciation expense for these capital assets are included within total depreciation expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 20,260	\$ 6,304
2021	21,233	5,331
2022	22,253	4,311
2023	23,322	3,242
2024	24,442	2,122
2025-2029	19,745	948
Total	<u>\$ 131,255</u>	<u>\$ 22,258</u>

d. Advance Refunding

On April 2, 2013, the County issued \$18,970,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$18,100,000 of general obligation bonds. 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 \$870,000. 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 15 years by \$636,386 and resulted in an economic gain of \$543,488.

On November 19, 2015, the County issued \$24,318,000 of general obligation refunding bonds to refinance \$22,600,000 of outstanding 2008 general obligation school bonds. The new bonds are payable over a 14 year period through 2029, with an interest rate of 2.45% as compared to 4.19% for the 2008 School Bonds. The County's estimated savings in debt service payments over the term of the new bonds is \$1,289,722.

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$13,649,118 relates to assets the County holds title.

e. Long-Term Obligation Activity

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019	Current Portion
Governmental Activities:					
General obligation debt	\$ 42,230,036	\$ -	\$ 4,079,505	\$ 38,150,531	\$ 3,892,000
Direct Placement Notes payable	12,140,385	-	1,040,385	11,100,000	925,000
Capital leases	82,804	-	82,804	-	-
Compensated absences	1,386,099	1,071,402	1,027,286	1,430,215	1,070,000
Net pension liability (LGRS)	4,490,308	2,203,530	-	6,693,838	-
Total pension liability (LEOSSA)	2,015,880	-	15,021	2,000,859	-
Net OPEB Liability	9,748,939	-	110,793	9,638,146	-
Total governmental activities	<u>\$ 72,094,451</u>	<u>\$ 3,274,932</u>	<u>\$ 6,355,794</u>	<u>\$ 69,013,589</u>	<u>\$ 5,887,000</u>
Business-Type Activities:					
Accrued landfill closure and post-closure care costs	\$ 2,593,409	80,897	\$ -	\$ 2,674,306	\$ -
Capital leases	150,000	-	18,745	131,255	20,260
Compensated absences	24,371	11,744	-	36,115	12,000
Net pension liability (LGRS)	91,639	44,970	-	136,609	-
Net OPEB Liability	198,958	-	2,261	196,697	-
Total business-type activities	<u>\$ 3,058,377</u>	<u>\$ 137,611</u>	<u>\$ 21,006</u>	<u>\$ 3,174,982</u>	<u>\$ 32,260</u>

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

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

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019	Current Portion
ABC Board:					
Net pension liability (LGRS)	\$ 81,121	\$ 37,496	\$ -	\$ 118,617	\$ -
Other postemployment benefits	38,256	-	16,453	21,803	-
Total business-type activities	<u>\$ 119,377</u>	<u>\$ 37,496</u>	<u>\$ 16,453</u>	<u>\$ 140,420</u>	<u>\$ -</u>

III. Joint Governed Organization

The County has joined with other counties and municipalities in the area to establish the Eastern Carolina Council of Governments (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 \$17,750 to the Council during the fiscal year ended June 30, 2019. The County has no equity interest in the Council.

IV. Joint Ventures

The County in conjunction with the City of Kinston, participates in the Tourism Development Authority. The County appoints three members to the seven member board. The County has the authority to levy a Tourism tax and also serves as the collection agency for the Authority's taxes; however, the County does not have the power to determine the nature or type of tax imposed. Total funds remitted to the Authority were \$244,681 for the year ended June 30, 2019. The Authority controls the disbursements of all funds and the County has no responsibility for financing deficits or providing guarantees of the unit, nor is it entitled to any surpluses. The County has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Authority's offices at City of Kinston, 301 N. Queen Street, Kinston, NC 28502.

The County also participates in a joint venture to operate Neuse Regional Library with three other local governments. Lenoir County appoints two board members to the twelve member board of the Library. The County has an on-going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$740,500 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 510 N. Queen Street, City of Kinston, NC 28501.

The County, in conjunction with the State of North Carolina and the Lenoir County Board of Education, participates in a joint venture to operate the Lenoir County Community College. Each of the three participants appoints four members of the thirteen member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for 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 \$2,410,000 to the community college for operating 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. Complete financial statements for the community college may be obtained from the community college's administrative offices at 231 Highway 58 South, Kinston, NC 28502.

Effective July 1, 2002 the County in conjunction with Duplin County, Sampson County and Wayne County, participated in a joint venture to operate Eastpointe. Each participating government appoints three board members to the fifteen member board. The County has an ongoing financial responsibility for the joint venture because Eastpointe's continued existence depends on the participating governments' continued funding. The County paid \$245,715 to the joint venture during the fiscal year ended June 30, 2019. None of the participating governments have any equity interest in the joint venture, so no equity interest has been reflected in the County's financial statements at June 30, 2019. Complete financial statements for Eastpointe can be obtained from their office at 117 Beasley Street, Kenansville, NC 28349.

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VII. Interfund Balances and Activitya. Interfund Balances

Transfers in (out) for the year ended June 30, 2019 are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>
Vehicle Replacement Fund	\$ 471,000	
General Fund		\$ 471,000
General Fund		2,601,407
Capital Improvements Fund	2,601,407	
Scrap Tire Disposal Fund		50,000
Landfill Fund	50,000	
School Capital Outlay Fund		2,250,000
General Fund	2,250,000	
Total	<u>\$ 5,372,407</u>	<u>\$ 5,372,407</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made

b. Fund Balance

Lenoir County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, 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 had 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	\$ 31,886,726
Less:	
Stabilization by State Statute	7,335,201
Subsequent Years' expenditures	10,661,959
Remaining Fund Balance	\$ 13,889,566

Lenoir County has 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 available fund balance is at least equal to or greater than 8% of budgeted expenditures. The County has set a goal to increase unassigned fund balance to 20% of General Fund expenditures.

VIII. Detailed Note on Individual Fund Balance

As part of the loan agreement for the construction of the new landfill, the County is required to have a minimum fund balance in the Landfill Fund of \$1,000,000. At June 30, 2019, the net position for the Landfill Fund was \$1,401,637, consisting of \$558,727 invested in capital assets, and \$842,910 in unrestricted net position.

IX. Significant Effects of Subsequent Events

There are no subsequent events that would have a material effect on the financial statements. Subsequent events have been analyzed through the date that the financial statements were available to be issued.

X. Change in Accounting Principles/Restatement

During the fiscal year ended June 30, 2019, the County determined that an accounts receivable and corresponding allowance for doubtful accounts for EMS billings at July 1, 2018 was understated by \$677,709 in error in the General Fund. Therefore, an adjustment to the beginning fund balance has been recorded in the amount of \$677,709. The effect of the adjustment increased beginning net position by \$677,709.

REQUIRED
SUPPLEMENTAL FINANCIAL
DATA

This section contains additional information required by
generally accounting principals.

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement System

Schedule of Contributions – Local Government Employees’ Retirement System

Schedule of the Proportionate Share of the Net Pension Asset – Register of Deeds

Schedule of Contributions – Register of Deeds

Schedule of Changes in Total Pension Liability - LEOSSA

Schedule of Total Pension Liability as a Percentage of Covered Payroll - LEOSSA

Schedule of Changes in Net OPEB Liability and Related Ratios

Lenoir County, North Carolina
Lenoir County's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.28792%	0.29992%	0.29980%	0.28664%	0.2894%	0.2910%
County's proportion of the net pension liability (asset) (\$)	\$6,830,447	\$ 4,581,947	\$ 6,362,760	\$ 1,286,423	\$ (1,706,548)	\$ 3,496,819
County's covered-employee payroll	\$ 18,101,771	\$ 18,838,684	\$ 17,874,894	\$ 17,410,807	\$ 16,749,562	\$ 16,840,294
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.73%	24.32%	35.60%	7.39%	(10.19%)	20.76%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Lenoir County, North Carolina
Lenoir County's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Local Government Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,520,115	\$ 1,392,193	\$ 1,333,262	\$ 1,219,998	\$ 1,239,815	\$ 1,184,194
Contributions in relation to the contractually required contribution	1,520,115	1,392,193	1,333,262	1,219,998	1,239,815	1,184,194
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 19,162,991	\$ 18,101,771	\$ 18,838,684	\$ 17,874,894	\$ 17,410,807	\$ 16,749,562
Contributions as a percentage of covered-employee payroll	7.93%	7.69%	7.08%	6.83%	7.12%	7.07%

Lenoir County, North Carolina
Lenoir County's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years *

Registers of Deeds' Supplemental Pension Fund

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) (%)	0.35228%	0.34169%	0.35750%	0.34471%	0.3733%	0.3368%
County's proportionate of the net pension liability (asset) (\$)	\$ (58,348)	\$ (58,323)	\$ (66,838)	\$ (79,883)	\$ (84,603)	\$ (71,934)
County's covered-employee payroll	\$ 59,328	\$ 59,289	\$ 43,139	\$ 52,365	\$ 47,685	\$ 47,453
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(98.35%)	(98.37%)	(1 54.94%)	(1 52.55%)	(1 77.42%)	(1 51.59%)
Plan fiduciary net position as a percentage of the total pension liability**	151.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* 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 ROD plan.

**Lenoir County, North Carolina
Lenoir County's Contributions
Required Supplementary Information
Last Six Fiscal Years**

Registers of Deeds' Supplemental Pension Fund

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$4,738	\$ 4,497	\$ 2,969	\$ 2,921	\$ 2,758	\$ 3,048
Contributions in relation to the contractually required contribution	\$4,738	4,497	2,969	2,921	2,758	3,048
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 60,592	\$ 59,328	\$ 59,289	\$ 43,139	\$ 52,365	\$ 47,685
Contributions as a percentage of covered-employee payroll	7.82%	7.58%	5.01%	6.77%	5.27%	6.39%

Lenoir County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	2019	2018	2017
Beginning balance	2,015,880	1,966,128	2,036,660
Service Cost	96,749	67,336	74,477
Interest on the total pension liability	61,187	72,611	69,626
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	63,548	(25,344)	-
Changes of assumptions or other inputs	(77,362)	105,173	(41,923)
Benefit payments	(159,143)	(170,024)	(172,712)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 2,000,859</u>	<u>\$ 2,015,880</u>	<u>\$ 1,966,128</u>

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

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 413,685	449,600
Interest	349,816	301,656
Changes of benefit terms	-	-
Differences between expected and actual experience	(315,563)	(49,968)
Changes of assumptions	(315,626)	(539,717)
Benefit payments	(245,366)	(467,471)
Net change in total OPEB liability	<u>(113,054)</u>	<u>(305,900)</u>
Total OPEB liability - beginning	9,947,897	10,253,797
Total OPEB liability - ending	<u><u>\$ 9,834,843</u></u>	<u><u>9,947,897</u></u>
County's covered-employee payroll	\$ 14,684,920	14,684,920
County's OPEB liability as a percentage of its covered-employee payroll	66.97%	67.74%

* Plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

Lenoir County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 2,000,859	\$	2,015,880	\$	1,966,128
Covered payroll	3,168,467		2,686,872		2,852,399
Total pension liability as a percentage of covered payroll	63.15%		75.03%		68.93%

Notes to the schedules:

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

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.

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

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 33,377,405	\$ 34,107,148	\$
Penalties and Interest	310,000	311,954	
Total	<u>33,687,405</u>	<u>34,419,102</u>	<u>731,697</u>
Other Taxes and Licenses:			
Local option sales tax	8,200,000	8,932,595	
Real estate transfer tax	103,000	120,986	
Motor vehicle rental tax	30,000	40,522	
Occupancy and tourism tax	242,000	237,471	
Privilege licenses	-	2,545	
Total	<u>8,575,000</u>	<u>9,334,119</u>	<u>759,119</u>
Unrestricted Intergovernmental:			
Beer and wine tax	150,000	144,666	
Video franchise tax	97,500	110,646	
Housing Authority payment in lieu of taxes	5,000	14,802	
ABC profit distribution	70,000	158,000	
Total	<u>322,500</u>	<u>428,114</u>	<u>105,614</u>
Restricted Intergovernmental:			
State and Federal Grants	451,271	499,815	
Public school capital projects	700,000	750,000	
Disaster funds, grants, and other	1,780,567	2,594,514	
Health Department grants	1,636,515	1,883,206	
Social service grants	7,921,389	6,682,584	
Other grants	164,251	98,895	
Court facilities fees	110,000	102,605	
PEG access fees	50,000	67,299	
Law Enforcement Reserve	-	-	
AMC bottle taxes	13,000	15,100	
Interest rebate - RZED bonds	332,791	311,084	
Total	<u>13,159,784</u>	<u>13,005,102</u>	<u>(154,682)</u>
Permits and Fees:			
Sheriff fees	992,648	1,074,042	
Register of Deeds	190,000	190,620	
Inspection fees	372,000	378,586	
Tax collection fees	135,000	143,713	
Total	<u>1,689,648</u>	<u>1,786,961</u>	<u>97,313</u>

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

	Final Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents and parking	158,880	158,033	
Jail fees	106,000	92,444	
Social services revenues	23,537	168,157	
School resource officer	259,903	219,144	
Health department fees	274,504	177,731	
Emergency medical service fees	2,829,126	3,353,772	
Total	3,651,950	4,169,281	517,331
 Investment Earnings: Interest	 201,500	 625,497	 423,997
 Miscellaneous:			
Fines	325,000	271,931	
Hospital annual payment	500,000	500,000	
Sale of fixed assets	5,000	19,159	
Other revenues	298,291	266,564	
Total	1,128,291	1,057,654	(70,637)
 TOTAL REVENUES	 62,416,078	 64,825,830	 2,409,752
 Expenditures:			
General Government:			
Governing body	245,867	246,271	
Administration and Finance	890,960	843,571	
Tax administration	887,181	893,236	
Management information systems	1,204,403	934,076	
Legal	47,500	35,265	
Register of deeds	293,543	266,793	
Elections	440,307	412,214	
Public buildings	1,051,074	999,720	
Non-departmental	2,173,298	2,154,947	
Outside agencies	142,597	124,370	
Total general government	7,376,730	6,910,463	466,267
 Public Safety:			
Sheriff	5,400,399	5,165,956	
Jail	4,787,993	4,669,888	
Concealed weapon	62,165	50,604	
Emergency management	581,276	555,561	
Central communications	2,006,820	1,950,611	
Emergency Medical Services Department	4,464,412	4,193,668	
Inspections	237,858	235,566	
FEMA	1,780,567	1,879,156	
Medical examiner	65,000	45,900	
Total	19,386,490	18,746,910	639,580
 Economic and physical development:			
Economic Development	321,214	219,323	
Agricultural extension	437,978	409,035	
Cooperative extension prevention block grant	121,733	105,840	
Soil/water conservation	32,974	32,968	
JCPC	22,506	22,499	
Total	936,405	789,665	146,740

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

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health:			
Nutrition programs	345,979	306,590	
Environmental Health	478,001	460,191	
Administration	1,409,562	1,245,117	
Animal control	292,591	257,722	
Immunizations	88,051	83,641	
Eastpointe Drug Treatment	80,000	74,237	
Other health programs	1,876,132	1,438,771	
Total human services	<u>4,570,316</u>	<u>3,866,269</u>	<u>704,047</u>
Mental Health:			
Regional mental health	245,715	245,715	
Total	<u>245,715</u>	<u>245,715</u>	<u>-</u>
Social services:			
Administration	8,694,597	7,513,991	
Temporary Assistance for Needy Families	358,367	245,631	
Medical assistance	74,000	73,729	
Child support enforcement	103,221	85,547	
Adult daycare	738,339	669,488	
Social Services Block Grant	104,709	90,591	
Food assistance	25,000	24,035	
Income maintenance programs	385,000	121,449	
Adoption assistance	127,036	23,978	
H&CC Block Grant	561,887	532,434	
Foster care	438,438	152,805	
Services to the blind	8,315	8,315	
Crisis intervention	887,524	646,794	
Other assistance	47,714	30,506	
Total social services	<u>12,554,147</u>	<u>10,219,293</u>	<u>2,334,854</u>
Bioterrorism	53,281	48,424	4,857
Veteran's Services	33,292	32,790	502
Total Human Services	<u>17,456,751</u>	<u>14,412,491</u>	<u>3,044,260</u>
Cultural and Recreational:			
Recreation	920,000	920,000	
Library	740,500	740,500	
Total Cultural and Recreational	<u>1,660,500</u>	<u>1,660,500</u>	<u>-</u>
Education:			
Public Schools:			
Current Expense	10,000,000	10,000,000	
Fines	325,000	271,931	
Community college	2,410,000	2,410,000	
Total Education	<u>12,735,000</u>	<u>12,681,931</u>	<u>53,069</u>

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

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal	5,038,189	5,038,189	
Interest and Fees	1,891,681	1,891,681	
Total Debt Service	<u>6,929,870</u>	<u>6,929,870</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>66,481,746</u>	 <u>62,131,830</u>	 <u>4,349,916</u>
 Revenues over Expenditures	 <u>(4,065,668)</u>	 <u>2,694,000</u>	 <u>6,759,668</u>
 Other financing sources (uses):			
Fund Balance Appropriated	4,992,768	-	
Transfers (to)/from Other Funds:			
Special revenue - school capital fund	2,250,000	2,250,000	
Capital Improvement fund	(2,706,100)	(2,601,407)	
Vehicle Replacement Fund	<u>(471,000)</u>	<u>(471,000)</u>	
Total Other Financing Sources (Uses)	<u>4,065,668</u>	<u>(822,407)</u>	<u>(4,888,075)</u>
 Net change in fund balance	 \$ <u><u>-</u></u>	 1,871,593	 \$ <u><u>1,871,593</u></u>
 Fund balances:			
Beginning of year, July 1, as previously reported		29,337,424	
Restatement		677,709	
Beginning of year, July 1, restated		<u>30,015,133</u>	
End of year, June 30		<u>\$ <u>31,886,726</u></u>	

Lenoir County, North Carolina
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,052,293	\$ 1,561,363	\$ 2,613,656
Restricted cash	377,788	-	377,788
Accounts receivable, net	720,697	-	720,697
Taxes receivable (net)	121,668	-	121,668
Due from other governments	709,883	-	709,883
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u><u>2,982,329</u></u>	\$ <u><u>1,561,363</u></u>	\$ <u><u>4,543,692</u></u>
Liabilities and Fund Balances:			
Current liabilities:			
Accounts payable	\$ 1,182,783	\$ 21,122	\$ 1,203,905
Due from other funds	-	-	-
Total liabilities	<u>1,182,783</u>	<u>21,122</u>	<u>1,203,905</u>
Deferred Inflows of Resources			
Property taxes receivable	<u>121,668</u>	<u>-</u>	<u>121,668</u>
Total deferred inflows of resources	<u>121,668</u>	<u>-</u>	<u>121,668</u>
Fund Balances:			
Restricted			
Stabilization by State Statute	1,430,579	-	1,430,579
Register of Deeds	173,785	-	173,785
Sheriff	294,927	-	294,927
Emergency services	413,878	-	413,878
School Capital	(748,368)	-	(748,368)
Committed			
Capital improvements	-	-	-
Scrap tire disposal	108,710	-	108,710
Vehicle replacement	161,936	-	161,936
Unassigned	<u>(157,569)</u>	<u>1,540,241</u>	<u>1,382,672</u>
Total fund balances	<u>1,677,878</u>	<u>1,540,241</u>	<u>3,218,119</u>
Total liabilities, deferred inflows of resources, and fund balances			
	\$ <u><u>2,982,329</u></u>	\$ <u><u>1,561,363</u></u>	\$ <u><u>4,543,692</u></u>

Lenoir County, North Carolina
Nonmajor 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	Total Nonmajor Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 1,507,992	\$ -	\$ 1,507,992
Local option sales tax	2,636,893	-	2,636,893
Restricted intergovernmental	1,952,623	366,062	2,318,685
Charges for services	8,054	-	8,054
Investment earnings	198	-	198
Other	111,472	-	111,472
Total revenues	<u>6,217,232</u>	<u>366,062</u>	<u>6,583,294</u>
Expenditures:			
General government	511,331	475,717	987,048
Public safety	2,302,990	-	2,302,990
Human services	1,156,729	-	1,156,729
Economic and physical development	286,856	2,673,397	2,960,253
Sanitation	158,834	-	158,834
Education	1,162,913	-	1,162,913
Debt service:			
Principal retirement	-	-	-
Interest and fees	-	-	-
Total Expenditures	<u>5,579,653</u>	<u>3,149,114</u>	<u>8,728,767</u>
Revenues Over (Under) Expenditures	<u>637,579</u>	<u>(2,783,052)</u>	<u>(2,145,473)</u>
Other Financing Sources (Uses):			
Proceeds of long-term debt	-	-	-
Transfers from (to) other sources	521,000	2,601,407	3,122,407
Transfers from (to) other sources	(2,250,000)	-	(2,250,000)
Total other financing sources (uses)	<u>(1,729,000)</u>	<u>2,601,407</u>	<u>872,407</u>
Net change in Fund Balance	(1,091,421)	(181,645)	(1,273,066)
Fund balances:			
Beginning of Year, July 1	<u>2,769,299</u>	<u>1,721,886</u>	<u>4,491,185</u>
End of year, June 30	<u>\$ 1,677,878</u>	<u>\$ 1,540,241</u>	<u>\$ 3,218,119</u>

SPECIAL REVENUE FUNDS

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

Lenoir County, North Carolina
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Federally Seized Property Fund	School Capital Outlay Fund	Scrap tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	Hazard Mitigation Grant Program	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total Nonmajor Governmental Funds
Assets:													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 101,917	\$ 160,993	\$ -	413,931	\$ 4,285	\$ 161,936	\$ 173,785	\$ 35,446	\$ 1,052,293
Restricted cash	259,481	-	118,307	-	-	-	-	-	-	-	-	-	377,788
Accounts receivable, net	-	-	32,069	-	1,868	413,241	231,073	42,446	-	-	-	-	720,697
Taxes receivable (net)	-	-	-	-	121,668	-	-	-	-	-	-	-	121,668
Due from other governments	-	647,628	-	-	62,255	-	-	-	-	-	-	-	709,883
Total Assets	\$ 259,481	\$ 647,628	\$ 150,376	\$ -	\$ 287,708	\$ 574,234	\$ 231,073	456,377	\$ 4,285	\$ 161,936	\$ 173,785	\$ 35,446	\$ 2,982,329
Liabilities and Fund Balances:													
Current liabilities:													
Accounts payable	\$ -	\$ 748,368	\$ 9,597	\$ 51,095	\$ 66,615	\$ 75,665	\$ 231,073	53	\$ 317	\$ -	\$ -	\$ -	\$ 1,182,783
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	748,368	9,597	51,095	66,615	75,665	231,073	53	317	-	-	-	1,182,783
Deferred Inflows of Resources													
Property taxes receivable	-	-	-	-	121,668	-	-	-	-	-	-	-	121,668
Total deferred inflows of resources	-	-	-	-	121,668	-	-	-	-	-	-	-	121,668
Fund Balances:													
Restricted													
Stabilization by State Statute	-	647,628	32,069	-	64,122	413,241	231,073	42,446	-	-	-	-	1,430,579
Register of Deeds	-	-	-	-	-	-	-	-	-	-	173,785	-	173,785
Sheriff	259,481	-	-	-	-	-	-	-	-	-	-	35,446	294,927
Emergency services	-	-	-	-	-	-	-	413,878	-	-	-	-	413,878
School Capital	-	(748,368)	-	-	-	-	-	-	-	-	-	-	(748,368)
Committed													
Scrap tire disposal	-	-	108,710	-	-	-	-	-	-	-	-	-	108,710
Vehicle replacement	-	-	-	-	-	-	-	-	-	161,936	-	-	161,936
Unassigned	-	-	-	(51,095)	35,303	85,328	(231,073)	-	3,968	-	-	-	(157,569)
Total fund balances	259,481	(100,740)	140,779	(51,095)	99,425	498,569	-	456,324	3,968	161,936	173,785	35,446	1,677,878
Total liabilities, deferred inflows of resources, and fund balances	\$ 259,481	\$ 647,628	\$ 150,376	\$ -	\$ 287,708	\$ 574,234	\$ 231,073	456,377	\$ 4,285	\$ 161,936	\$ 173,785	\$ 35,446	\$ 2,982,329

Lenoir County, North Carolina
Nonmajor Governmental Funds - Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	Federally Seized Property Fund	School Capital Outlay Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	Hazard Mitigation Grant Program	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total Nonmajor Governmental Funds
Revenues:													
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,507,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,507,992
Local option sales tax	-	2,400,660	-	-	236,233	-	-	-	-	-	-	-	2,636,893
Restricted intergovernmental	32,813	-	91,035	-	-	935,247	286,856	509,353	65,471	-	21,162	10,686	1,952,623
Charges for services	-	-	-	-	-	8,054	-	-	-	-	-	-	8,054
Investment earnings	-	-	-	-	198	-	-	-	-	-	-	-	198
Other	-	-	-	-	-	12,926	-	-	-	98,546	-	-	111,472
Total revenues	<u>32,813</u>	<u>2,400,660</u>	<u>91,035</u>	<u>-</u>	<u>1,744,423</u>	<u>956,227</u>	<u>286,856</u>	<u>509,353</u>	<u>65,471</u>	<u>98,546</u>	<u>21,162</u>	<u>10,686</u>	<u>6,217,232</u>
Expenditures:													
General government	-	-	-	56,433	-	-	-	-	-	454,898	-	-	511,331
Public safety	67,117	-	-	-	1,744,548	-	-	477,570	-	-	-	13,755	2,302,990
Human Services	-	-	-	-	-	1,091,437	-	-	65,292	-	-	-	1,156,729
Economic and community development	-	-	-	-	-	-	286,856	-	-	-	-	-	286,856
Sanitation	-	-	158,834	-	-	-	-	-	-	-	-	-	158,834
Education	-	1,162,913	-	-	-	-	-	-	-	-	-	-	1,162,913
Total Expenditures	<u>67,117</u>	<u>1,162,913</u>	<u>158,834</u>	<u>56,433</u>	<u>1,744,548</u>	<u>1,091,437</u>	<u>286,856</u>	<u>477,570</u>	<u>65,292</u>	<u>454,898</u>	<u>-</u>	<u>13,755</u>	<u>5,579,653</u>
Revenues Over (Under) Expenditures	<u>(34,304)</u>	<u>1,237,747</u>	<u>(67,799)</u>	<u>(56,433)</u>	<u>(125)</u>	<u>(135,210)</u>	<u>-</u>	<u>31,783</u>	<u>179</u>	<u>(356,352)</u>	<u>21,162</u>	<u>(3,069)</u>	<u>637,579</u>
Other Financing Sources (Uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other sources	-	-	50,000	-	-	-	-	-	-	471,000	-	-	521,000
Transfers from (to) other sources	-	(2,250,000)	-	-	-	-	-	-	-	-	-	-	(2,250,000)
Total other financing sources (uses)	<u>-</u>	<u>(2,250,000)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>471,000</u>	<u>-</u>	<u>-</u>	<u>(1,729,000)</u>
Net change in Fund Balance	(34,304)	(1,012,253)	(17,799)	(56,433)	(125)	(135,210)	-	31,783	179	114,648	21,162	(3,069)	(1,091,421)
Fund balances:													
Beginning of Year, July 1	<u>293,785</u>	<u>911,513</u>	<u>158,578</u>	<u>5,338</u>	<u>99,550</u>	<u>633,779</u>	<u>-</u>	<u>424,541</u>	<u>3,789</u>	<u>47,288</u>	<u>152,623</u>	<u>38,515</u>	<u>2,769,299</u>
End of year, June 30	<u>\$ 259,481</u>	<u>\$ (100,740)</u>	<u>\$ 140,779</u>	<u>\$ (51,095)</u>	<u>\$ 99,425</u>	<u>\$ 498,569</u>	<u>\$ -</u>	<u>\$ 456,324</u>	<u>\$ 3,968</u>	<u>\$ 161,936</u>	<u>\$ 173,785</u>	<u>\$ 35,446</u>	<u>\$ 1,677,878</u>

Lenoir County, North Carolina
Federally Seized Property Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues:			
Restricted intergovernmental	\$ 50,000	\$ 32,813	\$ (17,187)
Investment earnings	-	-	0
Total Revenues	<u>50,000</u>	<u>32,813</u>	<u>(17,187)</u>
Expenditures:			
Public safety			
Operating expenses	40,000	25,921	14,079
Capital outlay	<u>41,800</u>	<u>41,196</u>	<u>604</u>
Total Expenditures	<u>81,800</u>	<u>67,117</u>	<u>14,683</u>
Revenues Over (Under) Expenditures	<u>(31,800)</u>	<u>(34,304)</u>	<u>(2,504)</u>
Other Financing Sources (Uses):			
Transfers in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Uses	(31,800)	(34,304)	(2,504)
Fund Balance Appropriated	<u>31,800</u>	<u>-</u>	<u>(31,800)</u>
Net change in fund balance	\$ <u>-</u>	(34,304)	\$ <u>(34,304)</u>
Fund Balance:			
Beginning of Year, July 1		<u>293,785</u>	
End of Year, June 30		\$ <u>259,481</u>	

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

	2019		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues:			
Local option sales tax	\$ 2,000,000	\$ 2,400,660	\$ 400,660
Investment earnings	-	-	-
Total Revenues	<u>2,000,000</u>	<u>2,400,660</u>	<u>400,660</u>
Expenditures:			
Public school building projects	<u>1,263,256</u>	<u>1,162,913</u>	<u>100,343</u>
Total Expenditures	<u>1,263,256</u>	<u>1,162,913</u>	<u>100,343</u>
Revenues Over (Under) Expenditures	<u>736,744</u>	<u>1,237,747</u>	<u>501,003</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-
Total Other Financing Sources (Uses)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	-
Revenues and Other Financing Sources Over (Under) Uses	(1,513,256)	(1,012,253)	501,003
Fund Balance Appropriated	<u>1,513,256</u>	<u>-</u>	<u>(1,513,256)</u>
Net change in fund balance	\$ <u>-</u>	(1,012,253)	\$ <u>(1,012,253)</u>
Fund Balance:			
Beginning of Year, July 1		<u>911,513</u>	
End of Year, June 30		\$ <u>(100,740)</u>	

Lenoir County, North Carolina
Scrap Tire Disposal Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
Tire disposal grant	\$ -	\$ 11,250	\$ 11,250
Tire disposal - State fees	70,000	79,785	9,785
Investment earnings	-	-	-
Total Revenue	<u>70,000</u>	<u>91,035</u>	<u>21,035</u>
Expenditures			
Contracted services	<u>165,000</u>	<u>158,834</u>	<u>6,166</u>
Total Expenditures	<u>165,000</u>	<u>158,834</u>	<u>6,166</u>
Revenues Over (Under) Expenditures	<u>(95,000)</u>	<u>(67,799)</u>	<u>27,201</u>
Other Financing Sources (Uses):			
Transfers in	50,000	50,000	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	(45,000)	(17,799)	27,201
Fund Balance Appropriated	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>
Net change in fund balance	\$ <u>-</u>	(17,799)	\$ <u>(17,799)</u>
Fund Balance:			
Beginning of Year, July 1		<u>158,578</u>	
End of Year, June 30		\$ <u><u>140,779</u></u>	

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

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 61,269	\$ -	\$ (61,269)
Total Revenue	<u>61,269</u>	<u>-</u>	<u>(61,269)</u>
Expenditures			
General government:			
Salaries and benefits	56,803	52,010	4,793
Operating expenditures	<u>4,466</u>	<u>4,423</u>	<u>43</u>
Total Expenditures	<u>61,269</u>	<u>56,433</u>	<u>4,836</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(56,433)</u>	<u>(56,433)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	(56,433)	(56,433)
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	(56,433)	\$ <u><u>(56,433)</u></u>
Fund Balance:			
Beginning of Year, July 1		<u>5,338</u>	
End of Year, June 30		\$ <u><u>(51,095)</u></u>	

Lenoir County, North Carolina
Fire District Funds
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 1,425,786	\$ 1,507,992	\$ 82,206
Local option sales taxes	205,800	236,233	30,433
Investment earnings	-	198	198
Total Revenue	<u>1,631,586</u>	<u>1,744,423</u>	<u>112,837</u>
Expenditures			
Contracted services	<u>1,746,586</u>	<u>1,744,548</u>	<u>2,038</u>
Total Expenditures	<u>1,746,586</u>	<u>1,744,548</u>	<u>2,038</u>
Revenues Over (Under) Expenditures	<u>(115,000)</u>	<u>(125)</u>	<u>114,875</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(115,000)	(125)	114,875
Fund Balance Appropriated	<u>115,000</u>	<u>-</u>	<u>(115,000)</u>
Net change in fund balance	\$ <u>-</u>	(125)	\$ <u>(125)</u>
Fund Balance:			
Beginning of Year, July 1		<u>99,550</u>	
End of Year, June 30		\$ <u>99,425</u>	

Lenoir County, North Carolina
Transportation Grant Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
Department of Transportation	\$ 182,413	\$ 182,072	\$ (341)
Other restricted revenue	797,977	753,175	(44,802)
Charges for services	15,000	8,054	(6,946)
Other income	50,063	12,926	(37,137)
Total Revenue	<u>1,045,453</u>	<u>956,227</u>	<u>(89,226)</u>
Expenditures			
Human Services:			
Salaries and benefits	699,434	673,118	26,316
Other operating expenditures	-	-	-
Capital outlay	417,645	418,319	(674)
Total Expenditures	<u>1,117,079</u>	<u>1,091,437</u>	<u>25,642</u>
Revenues Over (Under) Expenditures	<u>(71,626)</u>	<u>(135,210)</u>	<u>(63,584)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(71,626)</u>	<u>(135,210)</u>	<u>(63,584)</u>
Fund Balance Appropriated	<u>71,626</u>	<u>-</u>	<u>(71,626)</u>
Net change in fund balance	\$ <u>-</u>	<u>(135,210)</u>	\$ <u>(135,210)</u>
Fund Balance:			
Beginning of Year, July 1		<u>633,779</u>	
End of Year, June 30		\$ <u>498,569</u>	

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

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 706,991	\$ 509,353	\$ (197,638)
Investment earnings	-	-	-
Total Revenue	<u>706,991</u>	<u>509,353</u>	<u>(197,638)</u>
Expenditures			
Public Safety:			
Operating expenditures	141,700	135,147	6,553
Capital outlay	<u>565,291</u>	<u>342,423</u>	<u>222,868</u>
Total Expenditures	<u>706,991</u>	<u>477,570</u>	<u>229,421</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>31,783</u>	<u>31,783</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	31,783	31,783
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	31,783	\$ <u>31,783</u>
Fund Balance:			
Beginning of Year, July 1		<u>424,541</u>	
End of Year, June 30		<u>\$ 456,324</u>	

Lenoir County, North Carolina
Family and Caregiver Education Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 69,628	\$ 65,471	\$ (4,157)
Total Revenue	<u>69,628</u>	<u>65,471</u>	<u>(4,157)</u>
Expenditures			
Human Services:			
Operating expenditures	<u>69,628</u>	<u>65,292</u>	<u>4,336</u>
Total Expenditures	<u>69,628</u>	<u>65,292</u>	<u>4,336</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>179</u>	<u>179</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	179	179
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	179	\$ <u>179</u>
Fund Balance:			
Beginning of Year, July 1		<u>3,789</u>	
End of Year, June 30		\$ <u>3,968</u>	

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

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Other income	\$ 98,546	\$ 98,546	\$ -
Total Revenue	<u>98,546</u>	<u>98,546</u>	<u>-</u>
Expenditures			
Public Safety:			
Operating expenditures	-	-	-
Capital outlay	<u>569,546</u>	<u>454,898</u>	<u>114,648</u>
Total Expenditures	<u>569,546</u>	<u>454,898</u>	<u>114,648</u>
Revenues Over (Under) Expenditures	<u>(471,000)</u>	<u>(356,352)</u>	<u>114,648</u>
Other Financing Sources (Uses):			
Transfers in	471,000	471,000	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>471,000</u>	<u>471,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	114,648	114,648
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	114,648	\$ <u>114,648</u>
Fund Balance:			
Beginning of Year, July 1		<u>47,288</u>	
End of Year, June 30		\$ <u>161,936</u>	

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

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ -	\$ 21,162	\$ 21,162
Investment earnings	200	-	(200)
Total Revenue	<u>200</u>	<u>21,162</u>	<u>20,962</u>
Expenditures			
General government			
Operating expenditures	<u>200</u>	<u>-</u>	<u>200</u>
Total Expenditures	<u>200</u>	<u>-</u>	<u>200</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>21,162</u>	<u>21,162</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	21,162	21,162
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u><u>-</u></u>	21,162	\$ <u><u>21,162</u></u>
Fund Balance:			
Beginning of Year, July 1		<u>152,623</u>	
End of Year, June 30		\$ <u><u>173,785</u></u>	

Lenoir County, North Carolina
State Controlled Substance Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 15,000	\$ 10,686	\$ (4,314)
Investment earnings	-	-	-
Total Revenue	<u>15,000</u>	<u>10,686</u>	<u>(4,314)</u>
Expenditures			
General government			
Operating expenditures	15,000	13,755	1,245
Capital outlay	-	-	-
Total Expenditures	<u>15,000</u>	<u>13,755</u>	<u>1,245</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(3,069)</u>	<u>(3,069)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	(3,069)	(3,069)
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	(3,069)	\$ <u>(3,069)</u>
Fund Balance:			
Beginning of Year, July 1		<u>38,515</u>	
End of Year, June 30		\$ <u><u>35,446</u></u>	

Lenoir County, North Carolina
Hazard Mitigation Grant Program - Hurricane Matthew
Schedule of Revenues, Expenditures, and
Changes in Fund Balances
From Inception and For the Fiscal Year Ended June 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Totals to Date	Variance Favorable (Unfavorable)
Revenues					
Restricted intergovernmental					
Federal grants:					
HMPG-4285-039-R-MATTHEW	\$ 7,925,908	\$ -	\$ 286,856	\$ 286,856	\$ -
Total Revenues	<u>7,925,908</u>	<u>-</u>	<u>286,856</u>	<u>286,856</u>	<u>7,639,052</u>
Expenditures					
Economic & community development					
HMPG-4285-039-R-MATTHEW					
Administration	-	-	946	946	
Acquisition Hard Cost	7,573,158	-	194,329	194,329	
Acquisition Soft Cost	<u>352,750</u>	<u>-</u>	<u>91,581</u>	<u>91,581</u>	
Total Expenditures	<u>7,925,908</u>	<u>-</u>	<u>286,856</u>	<u>286,856</u>	<u>7,639,052</u>
Revenues Over (Under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
Fund Balance:					
Beginning of Year, July 1			-		
End of Year, June 30			<u>\$ -</u>		

CAPITAL PROJECTS FUNDS

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

Lenoir County, North Carolina
Nonmajor Governmental Funds - Capital Project Funds
Combining Balance Sheet
June 30, 2019

	Capital Projects Fund	Capital Improvements Fund	Total
Assets:			
Cash and cash equivalents	\$ -	\$ 1,561,363	\$ 1,561,363
Accounts receivable, net	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 1,561,363</u>	<u>\$ 1,561,363</u>
Liabilities and Fund Balances:			
Current liabilities:			
Accounts payable	\$ -	\$ 21,122	\$ 21,122
Due from other funds	-	-	-
Total liabilities	<u>-</u>	<u>21,122</u>	<u>21,122</u>
Deferred Inflows of Resources			
Property taxes receivable	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted			
Stabilization by State Statute	-	-	-
Committed			
Capital improvements	-	-	-
Unassigned	-	1,540,241	1,540,241
Total fund balances	<u>-</u>	<u>1,540,241</u>	<u>1,540,241</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 1,561,363</u>	<u>\$ 1,561,363</u>

Lenoir County, North Carolina
Nonmajor Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	Capital Projects Funds	Capital Improvements Funds	Total
Revenues:			
Restricted intergovernmental	\$ -	\$ 366,062	\$ 366,062
Investment earnings	-	-	-
Other income	-	-	-
Total revenues	-	366,062	366,062
Expenditures:			
General government	-	475,717	475,717
Economic and community development	-	2,673,397	2,673,397
Total Expenditures	-	3,149,114	3,149,114
Revenues Over (Under) Expenditures	-	(2,783,052)	(2,783,052)
Other Financing Sources (Uses):			
Operating transfers in	-	2,601,407	2,601,407
Lease purchase	-	-	-
Total other financing sources (uses)	-	2,601,407	2,601,407
Net change in Fund Balance	-	(181,645)	(181,645)
Fund balances:			
Beginning of Year, July 1	-	1,721,886	1,721,886
End of year, June 30	\$ -	\$ 1,540,241	\$ 1,540,241

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

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ -	\$ 366,062	\$ 366,062
Investment earnings	-	-	-
Other income	-	-	-
Total Revenue	<u>-</u>	<u>366,062</u>	<u>366,062</u>
Expenditures			
Economic development	3,058,983	2,477,362	581,621
Community development	380,704	196,035	184,669
Building and grounds	835,847	475,717	360,130
Total Expenditures	<u>4,275,534</u>	<u>3,149,114</u>	<u>1,126,420</u>
Revenues Over (Under) Expenditures	<u>(4,275,534)</u>	<u>(2,783,052)</u>	<u>1,492,482</u>
Other Financing Sources (Uses):			
Contingency	-	-	-
Transfers in	2,706,100	2,601,407	(104,693)
Transfer in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>2,706,100</u>	<u>2,601,407</u>	<u>(104,693)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(1,569,434)</u>	<u>(181,645)</u>	<u>1,387,789</u>
Fund Balance Appropriated	<u>1,569,434</u>	<u>-</u>	<u>(1,569,434)</u>
Net change in fund balance	\$ <u>-</u>	(181,645)	\$ <u>(181,645)</u>
Fund Balance:			
Beginning of Year, July 1		<u>1,721,886</u>	
End of Year, June 30		\$ <u><u>1,540,241</u></u>	

PROPRIETARY 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.

Lenoir County, North Carolina
Landfill Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Charges for services			
Landfill user fees - billing	\$ 2,491,370	\$ 2,896,079	\$
Other operating income	44,500	44,514	
Total operating revenues	<u>2,535,870</u>	<u>2,940,593</u>	<u>404,723</u>
Nonoperating Revenues			
Investment earnings	1,000	-	
Solid waste disposal taxes	20,000	31,097	
White goods disposal taxes	26,000	-	
Sale of fixed assets	500	-	
Total nonoperating revenues	<u>47,500</u>	<u>31,097</u>	<u>(16,403)</u>
Total Revenues	<u>2,583,370</u>	<u>2,971,690</u>	<u>388,320</u>
Expenditures:			
Landfill operations			
Salaries and employee benefits	862,658	826,748	
Operating expenditures	1,329,082	767,760	
Contracted services	1,191,175	1,178,620	
Total	<u>3,382,915</u>	<u>2,773,128</u>	<u>609,787</u>
Capital Outlay	<u>14,700</u>	<u>-</u>	<u>14,700</u>
Total Expenditures	<u>3,397,615</u>	<u>2,773,128</u>	<u>624,487</u>
Revenues Over (Under) Expenditures	<u>(814,245)</u>	<u>198,562</u>	<u>1,012,807</u>
Other Financing Sources and (Uses):			
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>(864,245)</u>	<u>148,562</u>	<u>1,012,807</u>
Appropriated Fund Balance	<u>864,245</u>	<u>-</u>	<u>(864,245)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ 148,562</u>	<u>\$ (148,562)</u>

Lenoir County, North Carolina
Landfill Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual - (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Final Budget	Actual	Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ 148,562	
Reconciling items:			
Depreciation		(42,606)	
Capital outlay		-	
Lease payments		18,745	
(Increase) decrease in accrued vacation pay		(11,744)	
Increase in other postemployment benefits		2,261	
Decrease in net pension liability		(44,970)	
Decrease in deferred outflows of resources - pension		39,037	
Increase in deferred inflows of resources - pension		(10,001)	
Investment earnings from debt service		-	
Landfill closure costs		(80,897)	
Total reconciling items		(130,175)	
Change in net position		\$ 18,387	

Lenoir County, North Carolina
Landfill Debt Service
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of Year, July 1		18,498	
End of Year, June 30		\$ 18,498	

Lenoir County, North Carolina
Employee Insurance Internal Service Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	2019		
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services	\$ 4,982,164	\$ 4,418,789	\$
Total operating revenues	<u>4,982,164</u>	<u>4,418,789</u>	<u>(563,375)</u>
Nonoperating Revenues			
Interest on Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>4,982,164</u>	<u>4,418,789</u>	<u>(563,375)</u>
Expenditures:			
Insurance claims paid	<u>4,982,164</u>	<u>4,876,412</u>	
Total	<u>4,982,164</u>	<u>4,876,412</u>	<u>105,752</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(457,623)</u>	<u>(457,623)</u>
Other Financing Sources and (Uses):			
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	\$ <u>-</u>	(457,623)	\$ <u>(457,623)</u>
Fund Balance:			
Beginning of Year, July 1		<u>(748,377)</u>	
End of Year, June 30		\$ <u>(1,206,000)</u>	

AGENCY FUNDS

Agency funds are used to account for assets the County holds on behalf of others.

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

	Balance July 01, 2018	Deposits	Disbursements	Balance June 30, 2019
Social Services Fund:				
Cash and Investments	\$ <u>8,261</u>	\$ <u>70,802</u>	<u>74,778</u>	\$ <u>4,285</u>
Liabilities	\$ <u>8,261</u>	\$ <u>150,118</u>	<u>154,094</u>	\$ <u>4,285</u>
Fines and Forfeitures Fund:				
Cash and Investments	\$ <u>-</u>	\$ <u>271,931</u>	<u>271,931</u>	\$ <u>-</u>
Liabilities	\$ <u>-</u>	\$ <u>271,931</u>	<u>271,931</u>	\$ <u>-</u>
Totals - All Agency Funds				
Cash and Investments	\$ <u>8,261</u>	\$ <u>342,733</u>	<u>346,709</u>	\$ <u>4,285</u>
Liabilities	\$ <u>8,261</u>	\$ <u>342,733</u>	<u>346,709</u>	\$ <u>4,285</u>

OTHER SCHEDULES

This section includes additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Secondary Market Disclosures
- Other Schedules

Lenoir County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
	\$ -	\$ 34,204,686	\$ 33,202,119	\$ 1,002,567
2017-2018	1,106,442	15,799	646,236	476,005
2016-2017	527,047	-	213,120	313,927
2015-2016	311,457	-	90,624	220,833
2014-2015	213,446	-	45,291	168,155
2013-2014	208,304	-	26,298	182,006
2012-2013	177,116	-	13,314	163,802
2011-2012	128,102	-	7,595	120,507
2010-2011	97,611	-	3,528	94,083
2009-2010	103,514	-	2,641	100,873
2008-2009	107,075	-	107,075	-
TOTALS	<u>\$ 2,980,114</u>	<u>\$ 34,220,485</u>	<u>\$ 34,357,841</u>	<u>\$ 2,842,758</u>
Less: Allowance for uncollectable taxes				<u>(1,035,579)</u>
Ad valorem taxes - General Fund				<u>\$ 1,807,179</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 34,419,102
Reconciling items:				
Property Tax Allocated to Revaluation Fund				
Penalties and Interest				(311,954)
Collection of Old Taxes				3,610
Release				247,083
Total Reconciling Items				<u>(61,261)</u>
Total Collections and Credits				<u>\$ 34,357,841</u>

Lenoir 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:					
Property Taxes at Current Year Rate	\$ 4,106,164,940	0.8300%	\$ 34,081,169	\$ 30,285,431	\$ 3,795,738
Penalties			66,084	66,084	
Total Original Levy	<u>4,106,164,940</u>		<u>34,147,253</u>	<u>30,351,515</u>	<u>3,795,738</u>
Discoveries:					
Current year taxes	27,193,225	0.8350%	226,823	226,823	-
Total Discoveries	<u>27,193,225</u>		<u>226,823</u>	<u>226,823</u>	<u>-</u>
Abatements					
Current Year Taxes	(18,491,195)	0.8350%	(169,390)	(169,390)	-
Total Abatements	<u>(18,491,195)</u>		<u>(169,390)</u>	<u>(169,390)</u>	<u>-</u>
Total for Year	<u>\$ 4,114,866,970</u>		34,204,686	30,408,948	3,795,738
Uncollected taxes at June 30, 2019			<u>1,002,567</u>	<u>1,002,567</u>	<u>-</u>
Current year's taxes collected			<u>\$ 33,202,119</u>	<u>\$ 29,406,381</u>	<u>\$ 3,795,738</u>
Current levy collection percentage			<u>97.07%</u>	<u>96.70%</u>	<u>100.00%</u>

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

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100
Real Property	\$ 2,732,240,364
Personal Property ³	1,269,199,037
Public Service Companies ²	<u>113,427,569</u>
Total Assessed Valuation	<u>4,114,866,970</u>
Tax Rate per \$100	0.83
Levy (includes discoveries, releases and abatements) ³	<u><u>\$ 34,204,686</u></u>

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

Fire Protection Districts	\$ 1,349,994
Global Transpark	97,003

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes penalties and multi-rate for motor vehicles.

**LENOIR COUNTY, NORTH CAROLINA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION**

LAST TEN FISCAL YEARS

Table 1

Fiscal Year Ended June 30	General Government	Public Safety	Human Services	Economic & Community Development	Education	Debt Service	Cultural and Recreational	Sanitation	Total
2019	\$ 7,897,511	\$ 21,049,900	\$ 15,569,220	\$ 3,749,918	\$ 13,844,844	\$ 6,929,870	\$ 1,660,500	\$ 158,834	70,860,597
2018	9,823,975	18,662,942	15,389,702	3,124,812	13,362,208	7,326,860	1,639,500	151,813	69,481,812
2017	7,861,534	18,897,352	17,520,877	3,948,026	13,035,078	7,489,186	1,639,500	127,130	70,518,683
2016	7,368,633	16,463,180	18,266,895	3,168,573	12,989,728	7,621,291	1,654,933	123,286	67,656,519
2015	6,869,307	20,013,409	18,446,125	4,836,484	13,346,696	8,042,959	1,596,030	114,008	73,265,018
2014	6,388,028	21,402,907	16,872,015	5,127,391	13,029,607	8,188,533	1,539,500	122,607	72,547,981
2013	5,992,523	18,193,320	17,273,975	4,569,002	13,259,765	8,611,637	1,550,579		69,450,801
2012	6,313,731	30,415,338	18,038,461	3,701,386	12,873,551	8,603,548	1,500,500		81,446,515
2011	5,668,672	13,920,168	17,907,887	13,560,639	13,225,717	6,735,173	1,473,500		72,491,756
2010	5,701,726	14,859,500	17,569,703	14,440,063	14,938,541	6,826,980	1,425,000		75,761,513

**LENOIR COUNTY, NORTH CAROLINA
GENERAL GOVERNMENT REVENUES BY SOURCE**

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Ad Valorem Taxes	Sales Taxes	Other Taxes & Licenses	Intergovernmental Revenues	Sales & Service	Miscellaneous	Total
2019	\$ 35,927,094	\$ 11,569,488	\$ 401,524	\$ 15,751,901	\$ 5,964,296	\$ 1,794,821	71,409,124
2018	35,960,982	11,091,777	443,749	15,581,108	5,187,369	1,669,278	69,934,263
2017	37,309,026	10,316,594	412,714	16,074,682	4,840,539	2,301,343	71,254,898
2016	36,208,891	9,046,541	407,555	15,129,416	4,975,162	1,125,695	66,893,260
2015	36,210,329	8,744,842	352,502	18,899,197	5,147,319	1,325,194	70,679,383
2014	37,393,051	8,403,223	1,871,244	21,258,902	3,199,930	1,410,383	73,536,733
2013	33,466,718	8,200,904	1,367,394	17,051,328	3,109,690	1,715,712	64,911,746
2012	33,116,483	8,278,337	1,274,974	18,037,119	3,384,395	1,734,556	65,825,864
2011	30,764,091	7,720,975	1,239,097	20,091,970	3,496,528	1,710,287	65,022,948
2010	31,411,976	8,153,714	1,255,801	16,455,119	3,808,845	1,971,922	63,057,377

Source: Lenoir County Finance Department
Schedule includes general, special revenue and capital project funds.

LENOIR COUNTY, NORTH CAROLINA
ASSESSED VALUES OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 2

Fiscal Year Ended June 30	Tax Levy Year	Real Property	Personal Property	Public Service Company Property	Total Assessed Value	County Tax Rate	Ratio of Assessed Value to Estimated Actual Value
2019	2018	\$ 2,732,240,364	\$ 1,269,199,037	\$ 113,427,569	\$ 4,114,866,970	0.835	99.36%
2018	2017	\$ 2,704,232,809	\$ 1,276,336,012	\$ 106,216,004	\$ 4,086,784,825	0.835	99.36%
2017	2016	\$ 2,908,633,064	\$ 1,252,067,456	\$ 105,236,845	\$ 4,265,937,365	0.835	99.36%
2016	2015	\$ 2,872,683,621	\$ 1,223,954,014	\$ 103,047,552	\$ 4,199,685,187	0.835	108.61%
2015	2014	\$ 2,863,382,757	\$ 1,164,157,207	\$ 89,841,961	\$ 4,117,381,925	0.835	104.20%
2014	2013	\$ 2,843,365,809	\$ 1,230,454,832	\$ 94,710,427	\$ 4,168,531,068	0.835	100.95%
2013	2012	\$ 2,793,249,665	\$ 1,099,199,660	\$ 94,748,013	\$ 3,987,197,338	0.80	103.78%
2012	2011	\$ 2,784,107,196	\$ 1,065,715,911	\$ 93,916,424	\$ 3,943,739,531	0.80	108.35%
2011	2010	\$ 2,696,899,188	\$ 875,752,356	\$ 93,262,570	\$ 3,665,914,114	0.80	102.96%
2010	2009	\$ 2,578,332,039	\$ 895,348,323	\$ 95,598,424	\$ 3,569,278,786	0.80	100.55%

Notes: Assessed valuations are established by law at 100 percent of established market value.

A revaluation of real property is required by North Carolina General Statutes at least every eight years. The last revaluation was completed in 2017 for the 2018-2019 fiscal year.

LENOIR COUNTY, NORTH CAROLINA
ASSESSED ACTUAL VALUE TO TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Table 3

Fiscal Year Ended June 30	Total Assessed Value ⁽¹⁾	Percentage of Assessed Value Growth
2019	\$ 4,119,109,110	0.67%
2018	4,091,606,624	-4.09%
2017	4,265,937,365	1.52%
2016	4,201,874,480	2.07%
2015	4,116,736,223	-2.54%
2014	4,224,041,822	5.94%
2013	3,987,197,338	1.10%
2012	3,943,739,531	7.58%
2011	3,665,914,114	2.71%
2010	3,569,278,786	6.04%

Source: Lenoir County Finance Department
 Lenoir County Tax Department

Note: ⁽¹⁾ Countywide values, excluding Fire Districts

LENOIR COUNTY, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND

LAST TEN FISCAL YEARS

Table 4

Fiscal Year Ended 30-Jun	Tax Levy Year	Total Original Tax Levy (1)	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Uncollected Balance 06/30/18	Total Tax Collections	Ratio of Total Tax Collections To Total Tax Levy
2019	2018	\$ 30,367,314	\$ 29,421,894	96.89%	\$ 1,136,590	\$ 1,002,567	\$ 30,558,484	100.63%
2018	2017	30,498,676	29,392,234	96.37%	1,170,598	1,106,442	30,562,832	100.21%
2017	2016	31,901,734	30,817,756	96.60%	1,273,267	1,158,975	32,091,023	100.59%
2016	2015	35,670,977	34,562,114	96.89%	1,154,053	1,108,863	35,716,167	100.13%
2015	2014	34,501,550	33,358,114	96.69%	1,287,639	1,143,436	34,645,753	100.42%
2014	2013	35,389,627	34,015,156	96.12%	1,573,958	1,374,471	35,589,114	100.56%
2013	2012	32,106,588	30,352,731	94.54%	1,452,307	1,753,857	31,805,038	99.06%
2012	2011	31,609,205	29,976,680	94.84%	1,535,939	1,632,525	31,512,619	99.69%
2011	2010	29,430,729	27,905,296	94.82%	1,427,113	1,525,433	29,332,409	99.67%
2010	2009	29,843,289	28,291,994	94.80%	1,501,259	1,551,295	29,793,253	99.83%

Note: (1) This schedule includes data from only the General Fund county-wide property tax levy.

LENOIR COUNTY, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS (Per \$100)
 LAST TEN FISCAL YEARS

Table 5

<u>Fiscal Year Ended June 30</u>	<u>Tax Levy Year</u>	<u>Lenoir County</u>	<u>City of Kinston</u>	<u>Town of LaGrange</u>	<u>Town of Pink Hill</u>	<u>Town of Grifton</u>
2019	2018	0.83	0.70	0.532	0.55	0.63
2018	2017	0.835	0.70	0.532	0.55	0.63
2017	2016	0.835	0.70	0.532	0.55	0.63
2016	2015	0.835	0.66	0.47	0.55	0.63
2015	2014	0.835	0.66	0.45	0.55	0.60
2014	2013	0.835	0.66	0.45	0.55	0.60
2013	2012	0.80	0.66	0.45	0.55	0.60
2012	2011	0.80	0.66	0.45	0.55	0.60
2011	2010	0.80	0.66	0.45	0.55	0.60
2010	2009	0.80	0.66	0.45	0.55	0.55

Source: Lenoir County Tax Department

LENOIR COUNTY, NORTH CAROLINA
FIRE DISTRICTS
PROPERTY TAX RATES (Per \$100)
LAST TEN FISCAL YEARS

Table 6

<u>Fiscal Year Ended June 30</u>	<u>Tax Levy Year</u>	<u>Southwood Fire Tax</u>	<u>North Lenoir Fire Tax</u>	<u>Seven Springs Fire Tax</u>	<u>Sandy Bottom Fire Tax</u>	<u>Deep Run Fire Tax</u>	<u>Hugo Fire Tax</u>	<u>Sand Hill Fire Tax</u>	<u>Cherry Tree Fire Tax</u>	<u>Moseley Hall Fire Tax</u>	<u>Wyse Fork Fire Tax</u>	<u>Grifton Fire Tax</u>	<u>GTP Fire Tax</u>
2019	2018	0.085	0.0575	0.04	0.08	0.06	0.06	0.07	0.08	0.04	0.065	0.06	0.045
2018	2017	0.085	0.0575	0.04	0.08	0.06	0.05	0.07	0.08	0.04	0.065	0.05	0.045
2017	2016	0.085	0.0575	0.04	0.08	0.06	0.05	0.07	0.08	0.04	0.065	0.05	0.045
2016	2015	0.07	0.0575	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2015	2014	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2014	2013	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2013	2012	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2012	2011	0.07	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2011	2010	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2010	2009	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	

Note: Lenoir County does not have a County-wide fire tax rate

Source: Lenoir County Tax Department
Lenoir County Finance Office

**LENOIR COUNTY, NORTH CAROLINA
PROPERTY TAX RATES AND LEVIES
COUNTY OF LENOIR AND CITY OF KINSTON**
LAST TEN FISCAL YEARS

Table 7

Tax Rates				Tax Levies		
Fiscal Year Ended June 30	City of Kinston	County of Lenoir	Total	City of Kinston	County of Lenoir	Total
2019	0.70	0.830	1.530	\$ 9,636,199	\$ 30,424,461	40,060,660
2018	0.70	0.835	1.535	9,621,661	30,498,676	40,120,337
2017	0.66	0.835	1.495	10,166,157	31,926,229	42,092,386
2016	0.66	0.835	1.495	10,215,605	34,777,735	44,993,340
2015	0.66	0.835	1.495	10,371,023	31,076,852	41,447,875
2014	0.66	0.835	1.495	9,885,310	35,389,627	45,274,937
2013	0.66	0.80	1.460	9,701,086	32,106,588	41,807,674
2012	0.66	0.80	1.460	9,603,868	31,609,205	41,213,073
2011	0.66	0.80	1.460	8,939,105	29,430,729	38,369,834
2010	0.66	0.80	1.460	9,062,805	29,843,289	38,906,094

Source: City of Kinston
Lenoir County Finance Department

**LENOIR COUNTY, NORTH CAROLINA
TEN LARGEST TAXPAYERS
JUNE 30, 2019**

Table 8

		<u>2018 Assessed Value</u>	<u>Tax Levy (2)</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Spirit Aerosystems NC, Inc.	Manufacturing	\$ 197,457,007	\$ 1,638,893	4.79%
Sanderson Farms, Inc.	Meat Products	\$ 103,876,596	\$ 862,176	2.52%
Smithfield Packing	Meat Products	\$ 93,135,843	\$ 773,028	2.26%
Electrolux Home Products, Inc.	Manufacturing	\$ 59,633,125	\$ 494,955	1.45%
West Pharmaceuticals	Manufacturing	\$ 57,946,246	\$ 480,954	1.41%
E.I. DuPont Denemours and Co.	Manufacturing	\$ 53,713,048	\$ 445,818	1.30%
Kinston LLC	Meat Products	\$ 47,646,205	\$ 395,464	1.16%
Pactiv LLC	Manufacturing	\$ 46,133,437	\$ 382,908	1.12%
Masterbrand Cabinets	Manufacturing	\$ 21,986,159	\$ 182,485	0.53%
Moen Inc.	Manufacturing	\$ 21,350,498	\$ 177,209	0.52%
		<u>\$ 702,878,164</u>	<u>\$ 5,833,890</u>	<u>17.06%</u>

(1) Total Assessed Valuation \$4119109110

(Includes value of motor vehicles through NCVTS)

(2) County Portion of Levy Only (Value x .00830)

**LENOIR COUNTY, NORTH CAROLINA
GENERAL FUND
TAX REVENUE BY SOURCE ⁽¹⁾
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year Ended June 30	Ad Valorem (2)	Sales	Occupancy	Motor Vehicle Rentals (3)	Licenses & Permits	Total
2019	34,392,069	8,932,595	237,471	31,619	146,258	43,740,012
2018	34,418,856	7,788,483	257,303	43,392	147,703	42,655,737
2017	35,770,366	8,383,166	245,573	64,812	102,329	44,566,246
2016	34,806,373	6,744,705	203,354	63,154	141,047	41,958,633
2015	34,929,337	6,513,425	192,705	37,212	173,887	41,846,566
2014	36,058,954	6,338,238	225,693	30,177	155,386	42,808,448
2013	32,211,250	6,353,635	191,730	23,877	179,438	38,959,930
2012	31,909,965	6,316,737	200,127	24,423	189,708	38,640,960
2011	29,706,386	5,877,333	245,007	21,635	190,187	36,040,548
2010	30,347,627	6,307,372	179,620	15,824	147,312	36,997,755

Source: Lenoir County Finance Office

(1) General Fund Only

(2) Includes penalties & interest

3) Lenoir County began collecting this tax in August 2000

LENOIR COUNTY, NORTH CAROLINA
CONSTRUCTION/BUILDING PERMIT ACTIVITY
 LAST TEN FISCAL YEARS

Table 10

Fiscal Yr Ended 30-Jun	Single Family	Units	Multi- Family	Units	Additions/ Alterations	Total Residential Houses	New Commercial	Additions/ Alterations	Total Commercial	Total Value
2019	6,587,470	41	-	0	1,272,816	7,860,285	5,511,858	90,000	5,601,858	13,462,144
2018	3,350,665	21	-	0	949,636	4,300,301	4,241,298	50,000	4,291,298	8,591,599
2017	4,911,989	34	280,000	1	1,924,457	7,116,446	9,911,401	21,500	9,932,901	17,049,347
2016	6,752,360	33	473,000	2	1,026,204	8,251,564	4,860,002	108,940	4,968,942	13,220,506
2015	5,878,280	34	-	0	2,263,509	8,141,789	69,608,929	382,248	69,991,177	78,132,966
2014	5,062,958	29	175,000	2	1,332,578	6,570,536	12,854,330	432,000	13,286,330	19,856,866
2013	5,588,475	31	-	0	2,218,931	7,807,406	42,487,725	44,480	42,532,205	50,339,611
2012	5,652,463	33	300,000	1	1,615,630	7,568,093	11,617,748	1,974,900	13,592,648	21,160,741
2011	4,658,485	24	143,000	2	1,679,877	6,481,362	12,519,123	148,548	12,667,671	19,149,033
2010	5,619,427	37	-	0	2,992,169	8,611,596	15,981,936	163,010	16,144,946	24,756,542

Source: Lenoir County Inspections Department

LENOIR COUNTY, NORTH CAROLINA
RATIO OF BONDED DEBT TO ASSESSED VALUE AND BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Table 11

Fiscal Year Ended June 30	Population Estimate (1)	Taxable Property Assessed Value (2)	8% Debt Limit	Bonded Debt (3)	Ratio of Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2019	56,856	\$ 3,659,451,408	\$ 292,756,113	\$ 36,670,000	1.00%	644.96
2018	59,531	4,091,606,624	327,328,530	40,585,000	0.99%	681.75
2017	59,531	3,818,733,251	305,498,660	44,509,000	1.17%	747.66
2016	58,338	4,155,857,725	332,468,618	48,423,000	1.17%	830.04
2015	58,826	4,117,381,925	329,390,554	50,385,000	1.22%	856.51
2014	59,063	4,168,531,068	333,482,485	54,065,000	1.30%	915.38
2013	59,401	3,987,197,338	318,975,787	57,870,000	1.45%	974.23
2012	59,314	3,943,739,531	315,499,162	60,600,000	1.54%	1,021.68
2011	59,493	3,665,914,114	293,273,129	64,200,000	1.75%	1,079.12
2010	57,232	3,569,278,786	285,542,303	67,800,000	1.90%	1,184.65

Source: (1) NC State Demographics Website - July 2016 estimate

(2) Lenoir County Tax Department - Does not include Fire Districts or Enterprise Fund

(3) Lenoir County Finance Department

LENOIR COUNTY, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2019

Total Assessed Value	<u>\$ 3,659,451,408</u>
Debt limitation - 8% of total assessed value	292,756,113
Debt applicable to limitation	
Total bonded debt	\$ 36,670,000
Installment purchase	11,485,298
Capital Leases	<u>-</u>
Total debt applicable to limitation	<u>48,155,298</u>
Legal debt margin	<u><u>\$ 244,600,815</u></u>

LENOIR COUNTY, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BOND DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

LAST TEN FISCAL YEARS

Table 12

Fiscal Year Ended June 30	Principal	Interest on Bonds	Total Debt Service	Total General Government Expend.	Ratio of Debt Service to Total General Government Expend.
2019	\$ 3,915,000	\$ 1,226,203	\$ 5,141,203	\$ 65,105,290	7.90%
2018	3,924,000	1,403,208	5,327,208	61,948,286	8.60%
2017	3,914,000	1,577,091	5,491,091	66,123,021	8.30%
2016	26,280,000	1,880,121	28,160,121	67,656,519	41.62%
2015	3,680,000	2,074,200	5,754,200	73,284,516	7.85%
2014	3,680,000	2,219,800	5,899,800	72,547,981	8.13%
2013	3,600,000	2,609,650	6,209,650	69,450,802	8.94%
2012	3,600,000	2,744,150	6,344,150	81,446,515	7.79%
2011	3,600,000	2,878,650	6,478,650	72,491,756	8.94%
2010	3,600,000	3,017,150	6,617,150	75,761,513	8.73%

Source: Lenoir County Finance Office

**LENOIR COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND UNDERLYING BONDED DEBT
GENERAL OBLIGATION BONDS**

JUNE 30, 2019

Table 13

	<u>Net General Obligation Bonded Debt (1)</u>	<u>Percent Applicable To County</u>	<u>Amount Applicable To County</u>
Direct:			
Lenoir County	\$ 36,670,000	100%	\$ 36,670,000
Underlying:			
City of Kinston	\$ -	0%	\$ -
Town of Lagrange	\$ -	0%	\$ -
Town of Pink Hill	\$ -	0%	\$ -

(1) North Carolina State Treasurer's Website

COMPLIANCE SECTION



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**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
Lenoir County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Lenoir County's basic financial statements, and have issued our report thereon dated March 10, 2020. Our report includes a reference to other auditors who audited the financial statements of the Lenoir County ABC Board and the Kinston-Lenoir TDA, as described in our report on Lenoir County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Lenoir County ABC Board and the Kinston-Lenoir TDA 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 Lenoir County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lenoir County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weaknesses, listed as 2019-004.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a significant deficiency, listed as 2019-001, 2019-002, and 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lenoir County'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items, listed as 2019-003 and 2019-004.

Lenoir County's Response to Findings

Lenoir 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., PA

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

Wilmington, North Carolina

March 10, 2020



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Lenoir County, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Basis for Qualified Opinion on Medical Assistance Program

As described in the accompanying schedule of findings and questioned costs, Lenoir County did not comply with requirements regarding the CFDA 93.778 Medical Assistance Program as described in finding number 2019-004 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Lenoir County to comply with the requirements applicable to that program.

Qualified Opinion on Medical Assistance Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Lenoir County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Medical Assistance Program for the year ended June 30, 2019.

Unmodified Opinion the Other Major Federal Program

In our opinion, Lenoir County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019 - 004 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019 – 003 to be a significant deficiency.

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

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

Thompson, Price, Scott, Adams & Co., PA

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

Wilmington, North Carolina

March 10, 2020



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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditors' Report

To the Board of County Commissioners
Lenoir County, North Carolina

Report on Compliance for Each Major State Program

We have audited Lenoir County, North Carolina, 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 Lenoir County's major state programs for the year ended June 30, 2019. Lenoir County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Lenoir County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Lenoir County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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.

Wilmington, North Carolina

March 10, 2020

LENOIR COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified.

Internal control over financial reporting:

- Material Weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(s) identified? ☒ yes ☐ none reported
- Noncompliance material to financial statements noted? ☒ yes ☐ no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(s) identified? ☒ yes ☐ none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified for all federal programs except for Medical Assistance Program (Title XIX – Medicaid)

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

Identification of major federal programs:

CFDA # Program Name

93.778 Medical Assistance Program (Title XIX – Medicaid)
93.563 Child Support Enforcement
93.558 TANF Cluster

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified that are not considered to be a material weakness. ☐ yes ☒ 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 ☒ no

Identification of major State programs:

Program Name

Public School Building Capital Fund - Lottery Proceeds
School Nurse Funding Initiative
Golden Leaf Grant

LENOIR COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding: 2019 – 001 Restatement of previously issued financial statements to reflect the correction of a misstatement.

Criteria: Within the governmental activities prior EMS accounts receivable and corresponding allowance for doubtful accounts had not been recorded accurately.

Condition: Management did not reconcile accounts to subsidiary ledgers.

Effect: Amounts were understated for that receivables in prior years.

Cause: Condition was created due to various conditions and interpretation of how management selected to report those items.

Recommendation: The County will consider new methods of determining how accounts receivable are reported.

Views of responsible officials and planned corrective actions: The County agrees with this finding and will address this issue.

Finding: 2019 – 002 Timeliness of Audit Report Submission

Criteria: The June 30, 2019 audit was submitted passed the required due date. This is a violation of G.S. 159-34.

Condition: Required reports to the State of North Carolina were not filed by the required due date.

Context: The Kinston-Lenoir TDA audit was not completed until March 9, 2020. This delayed the completion of the County's audit.

Effect: The reports are a requirement of General Statutes, lateness created the statute violation.

Cause: Component unit audit completion caused delays in completing the audit.

Recommendation: The component unit audit firm will ensure timely completion of future audits.

Views of responsible officials and planned corrective actions: The County agrees with this finding and has already taken action.

Finding: 2019 – 003 See Federal Findings

MATERIAL WEAKNESS

Finding: 2019 – 004 See Federal Findings

LENOIR COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

US Department of Agriculture
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA # 93.778

Finding: 2019 – 003

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 thirty two 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. The errors were as follows: Two (2) did not have child support referrals completed, Nine (9) did not have accurate budget calculations in NC FAST, Thirteen (13) lacked sufficient required documentation, One (1) contained a budget error, Six (6) did not have accurate resource calculations, One (1) contained a clerical error in data entry of a social security number.

Questioned Costs: There was no affect to eligibility and there were no questioned costs.

Context: We examined 60 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued report to the North Carolina Department of Health and Human Services and 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 affect countable resource and a participant could have been approved for benefits that they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2018-002. Although, the finding is different than that in 2018, but still involves the Medicaid intake process.

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 that clearly indicates 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. The County finance office will also participating in the review process.

LENOIR COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

US Department of Agriculture
Passed through the NC Dept. of Health and Human Services
Program Name: Medical Assistance Program (Medicaid; Title XIX)
CFDA # 93.778

Finding: 2019 – 004

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Criteria: Medicaid for Aged, Blind and Disabled case records should contain documentation that tax records and Register of Deeds were checked to verify if the individual owns property. The files should also contain documentation on any property found as to whether it is a countable resource or is exempt from the resources calculation.

Condition: There was one error in each of four files dealing with the following:

- Two were found to be over the resource limit.
- One case was not properly closed out resulting in a continuation of benefits.
- One case was referred to the county for an ex parte review which resulted in a denial yet benefits continued.

Questioned Costs: There were questioned costs of \$2,862 on these cases. This amount was determined by totaling all the aid received by the applicants who were not eligible.

Context: Of the 3,424 case files, we examined 60 applicants and determined that four applicants received assistance for which eligibility was not properly determined.

Effect: For that certification/recertification there was a chance that property was owned that would not have been treated as a countable resource and a person could have been approved for benefits that 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 a print out as evidence that the Register of Deeds was checked and the results found or documentation made in case notes that clearly indicates 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. The County finance office will also participating in the review process.

LENOIR COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section IV – State Award Findings and Questioned Costs

None.

County of Lenoir

Board of Commissioners

Linda Rouse Sutton, Chairman
Roland Best, Vice Chairman
J. Mac Daughety
Reuben Davis
Preston Harris
Craig Hill
Eric Rouse

Michael James, County Manager
Joey R. Bryan, Assistant County Manager
Vickie F. King, Clerk to the Board



Lenoir County Courthouse
Post Office Box 3289
130 South Queen Street
Kinston, NC 28502

Telephone: (252) 559-6450
Fax: (252) 559-6454

Corrective Action Plan
June 30, 2019

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

Finding 2019 – 001	<p>Name of contact person: Sandra Barss, Finance Officer</p> <p>Corrective Action: The county has made the adjustment and will monitor accounts receivable subsidiary ledger. Proposed Completion Date: Immediately.</p>
Finding 2019 – 002	<p>Name of contact person: Sandra Barss, Finance Officer</p> <p>Corrective Action: The component unit audit firm will ensure timeliness of required filings. Proposed Completion Date: Immediately.</p>
Finding 2019 – 003	<p>Name of contact person: Jeff Harrison, Director</p> <p>Corrective Action: Procedures and controls are being developed for caseworkers to follow. Medicaid caseworkers will receive additional training on the newly created “Documentation Policy” to remind each of the policies and procedures to be followed in the application process. In addition, second party reviews will be conducted to monitor the actual application of the policy. The finance office will assist with these reviews.</p> <p>Proposed Completion Date: Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.</p>
Finding 2019 – 004	<p>Name of contact person: Jeff Harrison, Director</p> <p>Corrective Action: Procedures and controls are being developed for caseworkers to follow. Medicaid caseworkers will receive additional training on the newly created “Documentation Policy” to remind each of the policies and procedures to be followed in the application process. In addition, second party reviews will be conducted to monitor the actual application of the policy. The finance office will assist with these reviews.</p> <p>Proposed Completion Date: Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.</p>

LENOIR COUNTY, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

Finding:	2018-002
Status:	Still occurring in different versions of issues related to the Medicaid intake process.
Finding:	2018-001
Status:	Still occurring.
Finding:	2017-003
Status:	Still occurring in different versions of issues related to the Medicaid intake process.
Finding:	2017-001 & 2017-002
Status:	This finding has been corrected.

LENOIR COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the 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		672,130	57,111	-	615,019
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health Administration: Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		310,696	-	-	-
Total U.S. Department of Agriculture			982,826	57,111	-	615,019
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management Hazard Mitigation Grant Program HMPG-4285-039-R-Matthew	97.039		215,142	71,714	-	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		62,231	20,744	-	-
Emergency Service Performance Grant	97.042		19,262	19,262	-	-
Homeland Security Grant	97.067		29,725	-	-	-
Total U. S. Department of Homeland Security			326,360	111,720	-	-
<u>U.S. Dept. of Transportation</u>						
Passed-through the N.C. Department of Transportation Public Transportation Division PTD # 18-CT-034 Admin	20.509	DOT-11	52,360	3,272	-	-
PTD # 19-FE-034 Operating	20.527		5,331	-	-	-
PTD # 19-CT-034 Admin	20.509	DOT-11	153,693	9,606	-	-
Total U.S. Dept. of Transportation			211,384	12,878	-	-
<u>U.S. Dept. of Health & Human Services</u>						
Passed-through N.C. Department of Health and Human Services Division of Aging and Adult Services: <u>Aging Cluster:</u> Special Programs for the Aging - Title III F Grants for Supportive Services and Senior Centers	93.044		71,182	4,187	-	-
Special Programs for the Aging - Title III C Nutrition Services Congregate Meals	93.045		58,126	3,419	-	-
Home Delivered Meals	93.045		25,276	1,487	-	-
Nutrition Services Incentive Program	93.053		10,827	-	-	-
Total Aging Cluster			165,411	9,093	-	-
Division of Social Services Temporary Assistance for Needy Families (TANF) Cluster (Note 4, 5, 10) TANF - TEA Child Welfare Services:	93.558		13,244	-	-	-
TANF - Work First	93.558		616,425	-	-	881,661
Division of Public Health TANF - Work First	93.558		14,800	-	-	-
Total TANF Cluster			644,470	-	-	881,661
AFDC Payments & Penalties	93.560		(802)	(220)	-	(220)
<u>Foster Care and Adoption Cluster (Note 4)</u>						
Foster Care - Title IV-E	93.658		347,435	77,152	-	217,282
Foster Care	N/A		15,188	-	-	-
Adoption Assistance	93.659		1,904	-	-	1,904
Total Foster Care and Adoption Cluster (Note 4 & 5)			364,527	77,152	-	219,186
Child Support Enforcement	93.563		1,006,301	-	-	518,398
Low-Income Home Energy Assistance Administration:	93.568		77,742	-	-	-
Energy Assistance Payments	93.568		369,937	-	-	-
Crisis Intervention Program	93.568		273,157	-	-	-
Total Low-Income Home Energy Assistance			720,836	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program - Permanency Planning - Families for Kids	93.645		21,415	-	-	7,138
Total Stephanie Tubbs Jones Child Welfare Services Program			21,415	-	-	7,138
Chafee Foster Care Independence Program	93.674		17,577	3,857	-	-
CPS TANF to SSBG	93.667		29,923	-	-	-
SSBG - Other Service and Training	93.667		313,282	-	-	104,427
Division of Aging and Adult Services Division of Social Services SSBG - State In Home Service Fund	93.667		74,662	-	-	10,666
SSBG - Adult Protective Care	93.667		7,081	-	-	2,360
Passed-through East Carolina Council of Governments Social Service Block Grant (SSBG) - In Home Service	93.667		57,824	1,652	-	-
Total Social Service Block Grant			482,771	1,652	-	117,453

LENOIR COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Administration for Children and Families</u>						
Passed-through the N.C. Dept. of Health and Human Services:						
Subsidized Child Care (Note 4)						
<u>Child Care Development Fund Cluster</u>						
Division of Social Services						
Child Care Development Fund-Administration	93.596		100,749	-	-	-
Total Child Care Fund Cluster			100,749	-	-	-
Total Subsidized Child Care (Note 4)			100,749	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Medical Assistance						
Division of Social Services						
Administration						
Medical Assistance Program	93.778		1,721,269	9,577	-	670,710
Total Medical Assistance Program			1,721,269	9,577	-	670,710
Division of Social Services						
Administration						
State Children's Insurance Program - N.C. Health Choice	93.767		8,327	-	-	-
Total State Children's Insurance Program - N.C. Health Choice			8,327	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health						
Public Health Emergency Preparedness	93.069		19,224	-	-	-
Hospital Preparedness Program (HPP) and Public Health						
Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		30,859	-	-	-
Project Grants and Cooperative Agreements fo						
Tuberculosis Control Program	93.116		34,479	-	-	-
Family Planning Service	93.217		35,012	-	-	-
Immunization Grants	93.268		22,918	-	-	-
PPHF Capacity Building Assistance to Strengthen Public Health						
Immunization Infrastructure and Performance financed in part by						
Prevention and Public Health Fund	93.539		9,614	-	-	-
Preventive Health and Health Services Block Grant funded solely						
with Prevention and Public Health Funds (PPHF)	93.758		29,317	-	-	-
Cancer Prevention and Control Programs for State, Territoria						
and Tribal Organizations	93.898		5,865	-	-	-
Preventive Health Services Sexually Transmitted Diseases Control Grant	93.977		100	-	-	-
Maternal and Child Health Services Block Grant	93.994		85,423	31,747	-	-
Total U.S. Dept. of Health and Human Services			5,525,661	132,858	-	2,414,326
Total federal awards			7,046,231	314,567	-	3,029,345
State Awards:						
<u>N.C. Dept. of Administration</u>						
Veterans Services			-	2,216	-	-
Total N.C. Dept. of Administration			-	2,216	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
Soil Conservation State Match			-	3,600	-	-
Electronic Management Program			-	3,570	-	-
Scrap Tire Program			-	20,888	-	-
Total Division of Waste Management			-	28,058	-	-
Division of Environmental Assessment						
Off Waste Red Trust Fund			-	3,100	-	-
Total Division of Environmental Assessment			-	3,100	-	-
Total N.C. Dept. Environmental Quality			-	31,158	-	-
<u>N.C. Dept. of Commerce</u>						
Rural Infrastructure Authority Grant			-	62,500	-	-
One NC Grant			-	22,222	-	-
Total N.C. Dept. of Commerce			-	84,722	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Aging and Adult Service						
State Appropriation - Access			-	31,081	-	-
State Appropriation - In-Home Service:			-	-	-	-
State Appropriation - Home Delivered Meal:			-	32,444	-	-
State Appropriation - Senior Center Development			-	175,466	-	-
Total Division of Aging and Adult Services			-	238,991	-	-
Division of Social Service:						
ST Child Welfare/CPS/CS LD			-	54,662	-	-
Energy Assistance			-	3,055	-	-
AFDC Incent/Prog Integrity			-	387	-	-
State Foster Home			-	65,838	-	61,991
Non-Allocating Reimbursable			-	-	-	97,127
Work First Non Reimbursable			-	-	-	76
County Funded Programs			-	-	-	835,147
Total Division of Social Service			-	123,941	-	994,340

LENOIR COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Division of Public Health						
Food and Lodging Fees			-	9,134	-	-
Mosquito and Tick Suppressor			-	49,139	-	-
CHA/CHIP Peer Review			-	134,586	-	-
Public Health Nursing			-	600	-	-
General Communicable Disease Control			-	7,270	-	-
Child Health			-	20,457	-	-
HIV/STD State			-	500	-	-
STD Drugs			-	2,134	-	-
Breast and Cervical Cancer Control			-	9,690	-	-
School Nursing Funding Initiative			-	150,000	-	-
Family Planning - State			-	80,255	-	-
Maternal Health			-	15,271	-	-
Women Health Service Fund			-	5,206	-	-
TB Control			-	52,265	-	-
Total Division of Public Health			-	536,507	-	-
Total N. C. Department of Health and Human Services			-	899,439	-	994,340
<u>N.C. Dept. of Insurance</u>						
MIPPA Grant			-	2,571	-	-
SHIP Grant			-	4,147	-	-
Total N.C. Dept. of Insurance			-	6,718	-	-
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceed			-	750,000	-	-
Total N.C. Dept. of Public Instruction			-	750,000	-	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Program			-	316,571	-	-
Total Juvenile Crime Prevention Program			-	316,571	-	-
Total N. C. Department of Public Safety			-	316,571	-	-
Golden Leaf Disaster Recovery Grant			-	281,340	-	-
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	76,354	-	-
ROAP Rural General Public Program		DOT-16CL	-	90,020	-	-
ROAP Work First Transitional - Employment		DOT-16CL	-	15,698	-	-
Total ROAP Cluster			-	182,072	-	-
Total N.C. Dept. of Transportation			-	182,072	-	-
<u>Administrative Office of the Court</u>						
Safe Roads Act			-	3,967	-	-
Total State awards			-	2,558,204	-	994,340
Total federal and State awards			\$ 7,046,231	\$ 2,872,771	\$ -	\$ 4,023,684

Notes to the Schedule of Expenditures of Federal and State Financial Award:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Lenoir 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 Schedule presents only a selected portion of the operations of Lenoir County, it is not intended to and does not present the financial position, changes in net position or cash flows of Lenoir 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

Lenoir 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 and Foster Care and Adoption

Note 5: 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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	1,242,491	-
Supplemental Nutrition Assistance Program	10.551	22,216,519	-
Temporary Assistance for Needy Families	93.558	244,047	(2)
Adoption Assistance	93.659	257,915	62,212
Family Preservation	93.556	15,394	-
Medical Assistance Program	93.778	79,082,604	41,863,938
Children's Health Insurance Program	93.767	1,397,412	-
Child Welfare Services Adoption	N/A	-	70,006
SAA/SAD HB 1030	N/A	-	29,121
SC/SA Domiciliary Care	N/A	-	632,284
State / County Special Assistance program	N/A	8,702	46,018