

**REVIEWED**

*By SLGFD at 10:02 am, Mar 02, 2022*

Edgecombe County  
North Carolina

Financial Statements

For the Year Ended June 30, 2020

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# INTRODUCTORY SECTION

# Edgecombe County, North Carolina

## List of Principal Officials

June 30, 2020

### Board of County Commissioners

**Leonard Wiggins**  
Chairman

**Rev. E. Wayne Hines**  
Vice-Chairman

**William Wooten**

**Evelyn Powell**

**Viola S. Harris**

**Donald C. Boswell**

**Ralph D. Webb**

### County Officials

**Eric Evans**  
County Manager

**Cleveland Atkinson, Jr.**  
Sheriff

**Vila Anderson**  
Register of Deeds

**Frangie Mungo**  
Clerk of the Board

**Tanya Heath**  
Cooperative Extension  
Director

**Katrina Braswell**  
Planning and Inspections  
Director

**Mark Walters**  
Emergency Services Director

**Larry Moore**  
Solid Waste Supervisor

**Lee Dennie**  
Solid Waste and  
Maintenance Director

**Karen Lachapelle**  
Health Director

**Katherine Walters**  
Director of Fiscal Services

**Betty Battle**  
Social Services Director

**William J. Johnson, MPA**  
Assistant County Manager

**Jerry W. Spruell**  
Director of Elections

**Tabetha Summerlin**  
Information Resources  
Director

**Michael C. Matthews**  
Water and Sewer Director

**Tarasa Lewis**  
Tax Administrator

**Deborah Coley**  
Aging Director

**Sherry Johnson**  
Veterans Service Officer

**Michael Peters**  
County Attorney

**Edgecombe County, North Carolina**  
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**FINANCIAL  
SECTION**



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of County Commissioners  
Edgecombe County  
Tarboro, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Edgecombe County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise Columbus County 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 Edgecombe County ABC Board, which represent 36.17% percent of the assets, 91.79% percent of net position, and 93.86% percent revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Edgecombe County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Edgecombe County ABC Board were not audited in accordance with Governmental Auditing Standards.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Edgecombe County, North Carolina, as of June 30, 2020, 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 Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions, Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 4-12 and 108-113, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2022, on our consideration of the Edgecombe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Edgecombe County's internal control over financial reporting and compliance.

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

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

Whiteville, NC

February 22, 2022

## Management's Discussion and Analysis

As management of Edgecombe County, we offer readers of Edgecombe County's financial statements this narrative overview and analysis of the financial activities of Edgecombe County for the year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of Edgecombe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$64,822,065 (*net position*).
- The government's total net position increased by \$10,430,092, before restatement. The business-type activities increased by \$1,312,204. The governmental activities increased by \$9,117,888.
- As of the close of the current fiscal year, Edgecombe County's governmental funds reported combined ending fund balances of \$22,499,736, after a net increase in fund balance of \$1,458,631 and a restatement of \$773,866. Approximately 69.55 percent of this total amount or \$15,647,632 is either nonspendable, restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,150,221, or 12.24% percent of total general fund expenditures and fund transfer out for the fiscal year.
- Edgecombe County's total long-term debt decreased by \$4,252,558 (5.65%) during the current fiscal year. The decrease was primarily the result of debt service payments of \$4,251,414 made during the year, offset by changes in pension and OPEB liabilities.

### Overview of the Financial Statements

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

### Basic Financial Statements

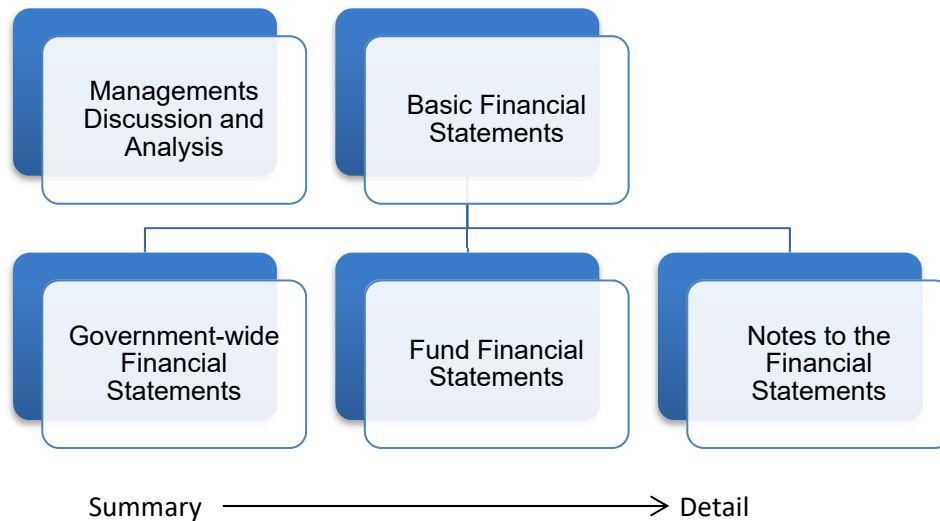
The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

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

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

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

Required Components of Annual Financial Report  
Figure 1



### Government-wide Financial Statements

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

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

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

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

## Fund Financial Statements

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

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

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

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

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 32 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Edgecombe County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 109 of this report.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$64,822,065 as of June 30, 2020. The County's net position increased by \$10,430,092 for the fiscal year ended June 30, 2020. The largest portion, \$51,834,360 (79.96%) reflects the County's net investment in capital assets (land, buildings, equipment, vehicles, etc.). Edgecombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Edgecombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Edgecombe County's net position \$6,443,041 (9.94%) represents resources that are subject to external restrictions on how they may be used. The remaining net position of \$6,544,644 (10.10%) is unrestricted.

Figure 2  
Edgecombe County, North Carolina  
Condensed Statement of Net Position  
As of June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	As Restated 2019	2020	2019	2020	As Restated 2019
<b>Assets</b>						
Current and other assets	\$ 35,258,573	\$ 32,094,466	\$ 2,068,150	\$ 710,141	\$ 37,326,723	\$ 32,804,607
Capital assets	43,875,865	39,717,226	57,386,801	58,168,061	101,262,666	97,885,287
Total assets	79,134,438	71,811,692	59,454,951	58,878,202	138,589,389	130,689,894
<b>Total deferred outflows of resources</b>	4,036,158	4,475,789	241,370	287,003	4,277,528	4,762,792
<b>Liabilities</b>						
Current and other liabilities	7,677,586	3,953,365	1,164,985	490,764	8,842,571	4,444,129
Long-term liabilities	47,244,716	54,041,776	19,756,060	21,275,804	67,000,776	75,317,580
Total liabilities	54,922,302	57,995,141	20,921,045	21,766,568	75,843,347	79,761,709
<b>Total deferred inflows of resources</b>	2,093,228	1,061,602	108,277	43,843	2,201,505	1,105,445
<b>Net Position</b>						
Net investment in capital assets	9,358,430	983,252	42,475,930	42,401,438	51,834,360	43,384,690
Restricted	6,443,041	9,904,836	-	109,172	6,443,041	10,014,008
Unrestricted (deficit)	10,353,595	6,342,650	(3,808,931)	(5,155,816)	6,544,664	1,186,834
Total net position	\$ 26,155,066	\$ 17,230,738	\$ 38,666,999	\$ 37,354,794	\$ 64,822,065	\$ 54,585,532

**Figure 3**  
**Edgecombe County, North Carolina**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	As Restated		2020	2019	2020	As Restated 2019
	2020	2019				
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,118,986	\$ 2,972,065	\$ 6,771,085	\$ 6,628,673	\$ 9,890,071	\$ 9,600,738
Grants and contributions:						
Operating	16,604,582	18,524,920	113,560	148,651	16,718,142	18,673,571
Capital	1,889,622	-	1,953,616	-	3,843,238	-
General revenues:						
Property taxes	32,132,673	32,112,327	-	-	32,132,673	32,112,327
Other taxes	10,789,630	8,121,964	-	-	10,789,630	8,121,964
Grants and contributions not restricted to specific programs	470,621	468,337	-	-	470,621	468,337
Other revenue	2,846,475	1,679,339	60,723	35,424	2,907,198	1,714,763
<b>Total revenues</b>	<b>67,852,589</b>	<b>63,878,952</b>	<b>8,898,984</b>	<b>6,812,748</b>	<b>76,751,573</b>	<b>70,691,700</b>
<b>Expenses</b>						
General government	8,047,336	6,112,404	-	-	8,047,336	6,112,404
Public safety	14,128,819	14,617,955	-	-	14,128,819	14,617,955
Transportation	208,709	124,203	-	-	208,709	124,203
Economic development	1,489,633	1,391,510	-	-	1,489,633	1,391,510
Human services	17,401,538	17,992,169	-	-	17,401,538	17,992,169
Cultural and recreational	606,839	599,723	-	-	606,839	599,723
Environmental protection	80,264	1,665,524	-	-	80,264	1,665,524
Education	15,591,932	12,475,627	-	-	15,591,932	12,475,627
Interest on long-term debt	1,179,631	1,250,465	-	-	1,179,631	1,250,465
Water and sewer	-	-	4,807,977	4,663,804	4,807,977	4,663,804
Solid waste	-	-	2,778,803	2,974,525	2,778,803	2,974,525
<b>Total expenses</b>	<b>58,734,701</b>	<b>56,229,580</b>	<b>7,586,780</b>	<b>7,638,329</b>	<b>66,321,481</b>	<b>63,867,909</b>
Change in net position before transfers and special items	9,117,888	7,649,372	1,312,204	(825,581)	10,430,092	6,823,791
Transfers	-	(331,360)	-	331,360	-	-
<b>Change in net position</b>	<b>9,117,888</b>	<b>7,318,012</b>	<b>1,312,204</b>	<b>(494,221)</b>	<b>10,430,092</b>	<b>6,823,791</b>
Net position, beginning	16,263,312	9,912,727	37,354,795	37,572,381	53,618,107	47,485,108
Restatement	773,866	-	-	276,634	773,866	276,634
<b>Net position, beginning, restated</b>	<b>17,037,178</b>	<b>9,912,727</b>	<b>37,354,795</b>	<b>37,849,015</b>	<b>54,391,973</b>	<b>47,761,742</b>
<b>Net position, ending</b>	<b>\$ 26,155,066</b>	<b>\$ 17,230,739</b>	<b>\$ 38,666,999</b>	<b>\$ 37,354,794</b>	<b>\$ 64,822,065</b>	<b>\$ 54,585,533</b>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 94.50% (95.83% for fiscal year 2019), compared to the statewide average of 98.83%.
- The County's sales tax revenues increased by \$2,428,124 over the previous year.

**Governmental Activities:** Governmental activities increased the County's net position by \$9,117,888 (53.52%). Key elements of this increase are as follows:

- Increases in sales tax revenues of \$2,428,124 over the previous year.
- Increase in other revenues of \$1,167,136 related to equity investments and other activities from the previous year.
- Increase in governmental activities expenses of \$1,537,693.

**Business-type activities:** Business-type activities decreased Edgecombe County's net position by \$1,312,204 (3.51%). Key elements of this increase are as follows:

- Continued diligence in water and sewer revenue collection and resolution of delinquent accounts.
- Receipt of project grant funds of \$1,953,616 during fiscal year 2020.

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

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

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

The General Fund is the chief operating fund of Edgecombe County. At the end of the current year, Edgecombe County's fund balance available for appropriation in the General Fund was \$17,354,812, while total fund balance increased to \$23,280,053. The Governing Body of Edgecombe County has determined that the County should maintain a minimum unassigned fund balance of 15% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County has a target unassigned fund balance of 20% of General Fund expenditures, with amounts in excess of 20% allocated to a capital reserve fund at the Board's discretion. Unassigned fund balance of \$8,150,221 represents 12.21% of General Fund expenditures and interfund transfers out. The County currently has an available fund balance of 26.08% of General Fund expenditures and interfund transfers out, while total fund balance represents 34.98% of that same amount.

At June 30, 2020, the governmental funds of Edgecombe County reported a combined fund balance of \$22,499,736, an 6.93% 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. Total amendments to the General Fund increased budgeted revenues by \$22,144,353.

The actual operating revenues for the General Fund were less than the budgeted amounts by \$14,276,326, most of which is attributed to a decrease in restricted intergovernmental revenues from Federal and State grants offset by positive variances to budget in local option sales taxes. (Exhibit 5)

**Proprietary Funds.** Edgecombe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Solid Waste Fund amounted to \$(4,158,747) and \$349,816 for the Water and Sewer Operations Fund. The total increase in net position for the Water and Sewer Operations Fund was \$1,496,772. The net position of the Solid Waste Fund decreased by \$184,568, primarily due to an increase in the accrued landfill closure and post-closure care costs. Other factors concerning the finances of these funds have already been addressed in the discussion of Edgecombe County's business-type activities.

## Capital Asset and Debt Administration

### Capital assets

Edgecombe County's capital assets for its governmental and business-type activities as of June 30, 2020, totals \$97,886,809 (net of accumulated depreciation). These assets include buildings, land, land improvements, machinery and equipment, construction in progress, water and sewer distribution and collection systems, and vehicles.

Major capital asset transactions during the year include:

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

Figure 4  
Edgecombe County, North Carolina  
Condensed Statement of Capital Assets (net of depreciation)  
As of June 30, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	As Restated 2019	2020	2019	2020	As Restated 2019
Land	\$ 18,889,806	\$ 18,889,806	\$ 1,203,728	\$ 1,203,728	\$ 20,093,534	\$ 20,093,534
Construction in progress	8,561,524	4,579,612	817,768	-	9,379,292	4,579,612
Buildings and improvements	14,506,778	14,298,160	2,663,524	2,739,068	17,170,302	17,037,228
Water and sewer distribution systems	-	-	50,652,387	51,911,481	50,652,387	51,911,481
Equipment	572,287	475,708	1,344,699	1,498,875	1,916,986	1,974,583
Vehicles	1,345,470	1,473,940	704,695	814,909	2,050,165	2,288,849
<b>Total capital assets, net</b>	<b>\$ 43,875,865</b>	<b>\$ 39,717,226</b>	<b>\$ 57,386,801</b>	<b>\$ 58,168,061</b>	<b>\$ 101,262,666</b>	<b>\$ 97,885,287</b>

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

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

### Long-term Debt.

As of June 30, 2020, Edgecombe County had total long-term debt outstanding of \$48,731,513.

Edgecombe County's total long-term debt decreased by \$4,252,558 (5.65%) during the current fiscal year. This change was the result of debt service during the fiscal year, as no new debt was added during fiscal year 2020.

**Figure 5**  
**Edgecombe County, North Carolina**  
**Condensed Statement of Outstanding Debt**  
**As of June 30, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 4,660,000	\$ 5,351,000	\$ 3,348,000	\$ 3,404,000	\$ 8,008,000	\$ 8,755,000
Limited obligation bonds	4,546,800	4,878,000	8,083,200	8,672,000	12,630,000	13,550,000
Bond anticipation notes	-	-	-	-	-	-
Revenue bonds	-	-	1,684,000	1,717,000	1,684,000	1,717,000
Notes payable	-	216,297	1,226,861	1,377,727	1,226,861	1,594,024
Installment purchases	25,182,652	27,366,903	-	-	25,182,652	27,366,903
Premium on debt	127,983	170,644	568,810	595,896	696,793	766,540
Accrued landfill closure and post-closure care costs	-	-	4,950,216	4,753,765	4,950,216	4,753,765
Compensated absences	1,523,516	1,219,230	65,074	63,903	1,588,590	1,283,133
Net pension liability (LGERS)	5,775,917	5,305,676	247,952	221,644	6,023,869	5,527,320
Total pension liability (LEOSSA)	1,729,518	1,627,102	-	-	1,729,518	1,627,102
Total OPEB liability	6,915,910	7,906,924	428,613	469,869	7,344,523	8,376,793
<b>Total long-term debt</b>	<b>\$ 50,462,296</b>	<b>\$ 54,041,776</b>	<b>\$ 20,602,726</b>	<b>\$ 21,275,804</b>	<b>\$ 71,065,022</b>	<b>\$ 75,317,580</b>

Edgecombe County maintains an A1 and AA- bond rating from Moody's and Standard and Poor's Corporation, respectively.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Edgecombe County is \$222,441,239. The County has \$885,000 in bonds authorized but un-issued for Water and Sewer District No. 4 at June 30, 2020. The County also had a note payable with remaining availability of \$215,000 that is authorized but unissued for land acquisition for industrial development.

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

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

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

- The unemployment rate at June 30, 2020 is 12.8% and represents a significant increase over the prior year due to the impacts of the COVID-19 pandemic.
- The assessed value of real and personal property was \$3,218,947,000; an increase of 0.01% from the previous year's assessed valuation.
- Our population of 50,960 reflects a decrease of 2.5% from 2019.

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

**Governmental Activities:** The County approved an original \$59,036,501 General Fund budget for FY 2020. This represents an increase of 4.3% from the original budget for FY 2019 of \$56,587,662. The property rate for FY 2020 will remain at \$0.95 per hundred dollar valuation. The County budget ordinance for FY 2020 includes an appropriation of unassigned fund balance in the amount of \$5,897,863. Estimated assessed property values for the fiscal year 2021 budget are \$3,242,632,000.

**Business – type Activities:** The budget for fiscal year 2020 does not increase the County's monthly charges for water and sewer service. Rates for landfill services tipping fees increased by \$1.50 per ton for FY 2020. The County's budget ordinance for the solid waste fund includes an appropriation of fund balance in the amount of \$973,510 to cover the cost of operations at the County landfill.

## **Requests for Information**

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

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# **BASIC FINANCIAL STATEMENTS**



**Edgecombe County, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**  
**Exhibit 1**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board	Edgecombe County Tourism Development Authority	Public Facilities Corporation
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 20,932,444	\$ 1,118,644	\$ 22,051,088	\$ 1,427,845	\$ 135,435	\$ -
Taxes receivable, net	4,431,998	-	4,431,998			
Receivables, net	121,436	942,024	1,063,460	-	-	4,548,000
Due from other governments	4,111,666	20,925	4,132,591	-	-	-
Due from component unit	145,355	-	145,355	-	-	-
Due from primary government	-	-	-	-	29,863	-
Internal balances	481,462	(481,462)	-	-	-	-
Inventories	-	-	-	478,366	-	-
Prepaid items	-	-	-	36,965	-	-
<b>Total current assets</b>	<b>30,224,361</b>	<b>1,600,131</b>	<b>31,824,492</b>	<b>1,943,176</b>	<b>165,298</b>	<b>4,548,000</b>
Restricted cash and cash equivalents	1,159,146	468,019	1,627,165	-	-	-
Other Assets:						
Net pension asset	64,142	-	64,142	-	-	-
Net investment in Joint Venture	3,810,924	-	3,810,924	-	-	-
<b>Total other assets</b>	<b>3,875,066</b>	<b>-</b>	<b>3,875,066</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capital assets:						
Land and construction in progress	27,451,330	2,021,496	29,472,826	148,525	-	-
Other capital assets, net of depreciation	16,424,535	55,365,305	71,789,840	493,581	-	-
<b>Total capital assets</b>	<b>43,875,865</b>	<b>57,386,801</b>	<b>101,262,666</b>	<b>642,106</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>79,134,438</b>	<b>59,454,951</b>	<b>138,589,389</b>	<b>2,585,282</b>	<b>165,298</b>	<b>4,548,000</b>
<b>Deferred Outflows of Resources</b>						
Deferred cost of refunding	66,545	81,750	148,295	-	-	-
Pension deferrals	3,642,562	148,291	3,790,853	85,457	-	-
OPEB deferrals	327,051	11,329	338,380	-	-	-
<b>Total deferred outflows of resources</b>	<b>4,036,158</b>	<b>241,370</b>	<b>4,277,528</b>	<b>85,457</b>	<b>-</b>	<b>-</b>

- Continued -

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**  
**Exhibit 1 (Continued)**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board	Edgecombe County Tourism Development Authority	Public Facilities Corporation
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 2,551,240	\$ 122,156	\$ 2,673,396	\$ 533,575	\$ -	\$ -
Unspent grant revenues	1,087,466	-	1,087,466	-	-	-
Due to other governments	486,116	10,263	496,379	-	-	-
Due to component units	29,863	-	29,863	-	-	-
Due to primary government	-	-	-	145,355	-	-
Accrued interest payable	305,321	38,547	343,868	-	-	-
Long-term debt - due within one year	3,217,580	846,666	4,064,246	-	-	560,250
Liabilities to be paid from restricted assets:						
Customer deposits	-	147,353	147,353	-	-	-
<b>Total current liabilities</b>	<b>7,677,586</b>	<b>1,164,985</b>	<b>8,842,571</b>	<b>678,930</b>	<b>-</b>	<b>560,250</b>
Long-term liabilities:						
Accrued landfill closure and post-closure care costs	-	4,950,216	4,950,216	-	-	-
Compensated absences	1,523,516	65,074	1,588,590	37,267	-	-
Total OPEB liability	6,915,910	428,613	7,344,523	-	-	-
Net pension liability - LGERS	5,775,917	247,952	6,023,869	107,598	-	-
Total pension liability - LEOSSA	1,729,518	-	1,729,518	-	-	-
Long-term debt - due in more than one year	31,299,855	14,064,205	45,364,060	-	-	3,987,750
<b>Total long-term liabilities</b>	<b>47,244,716</b>	<b>19,756,060</b>	<b>67,000,776</b>	<b>144,865</b>	<b>-</b>	<b>3,987,750</b>
<b>Total liabilities</b>	<b>54,922,302</b>	<b>20,921,045</b>	<b>75,843,347</b>	<b>823,795</b>	<b>-</b>	<b>4,548,000</b>
<b>Deferred Inflows of Resources</b>						
Pension deferrals	295,826	8,168	303,994	-	-	-
OPEB deferrals	1,615,311	100,109	1,715,420	-	-	-
Prepaid taxes	182,091	-	182,091	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,093,228</b>	<b>108,277</b>	<b>2,201,505</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>						
Net investment in capital assets	9,358,430	42,475,930	51,834,360	642,106	-	-
Restricted						
Stabilization by state statute	5,784,050	-	5,784,050	-	-	-
Schools	157,680	-	157,680	-	-	-
Economic development	8,379	-	8,379	-	165,298	-
Public Safety E-911	492,932	-	492,932	-	-	-
Working Capital	-	-	-	679,107	-	-
Unrestricted (deficit)	10,353,595	(3,808,931)	6,544,664	525,731	-	-
<b>Total net position</b>	<b>\$ 26,155,066</b>	<b>\$ 38,666,999</b>	<b>\$ 64,822,065</b>	<b>\$ 1,846,944</b>	<b>\$ 165,298</b>	<b>\$ -</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**  
**Exhibit 2**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 8,047,336	\$ 861,921	\$ 1,142,310	\$ -
Public safety	14,128,819	1,598,655	673,883	-
Transportation	208,709	-	-	-
Economic and physical development	1,489,633	301,264	2,708,973	-
Human services	17,401,538	357,146	12,079,416	-
Cultural and recreational	606,839	-	-	-
Environmental protection	80,264	-	-	-
Education	15,591,932	-	-	1,889,622
Interest on long-term debt	1,179,631	-	-	-
Total governmental activities	58,734,701	3,118,986	16,604,582	1,889,622
Business-type activities:				
Water and sewer operations	4,807,977	4,348,533	-	1,953,616
Solid waste	2,778,803	2,422,552	113,560	-
Total business-type activities	7,586,780	6,771,085	113,560	1,953,616
Total primary government	\$ 66,321,481	\$ 9,890,071	\$ 16,718,142	\$ 3,843,238
Component units:				
Edgecombe County ABC Board	\$ 4,791,291	\$ 4,889,395	\$ -	\$ -
Tourism Development Authority	70,103	-	-	-
Public Facilities Corporation	225,648	-	-	-
Total component units	\$ 5,087,042	\$ 4,889,395	\$ -	\$ -

General revenues:

Property taxes, levied for general purposes  
Local option sales taxes  
Other taxes and licenses  
Grants and contributions not restricted to specific programs  
Investment earnings, unrestricted  
Miscellaneous, unrestricted  
Forgiveness of debt  
Gain (loss) on disposal of capital assets

Total general revenues, special items, and transfers

Change in net position

Net position, beginning of year, as previously reported

Restatement

Net position, beginning of year, restated

Net position, end of year

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**  
**Exhibit 2**

Net (Expense) Revenue and Changes in Net Position						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Edgecombe County ABC Board	Edgecombe County Tourism Development Authority	Public Facilities Corporation	
\$ (6,043,105.00)	\$ -	\$ (6,043,105)				
(11,856,281)	-	(11,856,281)				
(208,709)	-	(208,709)				
1,520,604	-	1,520,604				
(4,964,976)	-	(4,964,976)				
(606,839)	-	(606,839)				
(80,264)	-	(80,264)				
(13,702,310)	-	(13,702,310)				
(1,179,631)	-	(1,179,631)				
(37,121,511)	-	(37,121,511)				
-	1,494,172	1,494,172				
-	(242,691)	(242,691)				
-	1,251,481	1,251,481				
(37,121,511)	1,251,481	(35,870,030)				
			\$ 98,104	\$ -	\$ -	
			-	(70,103)	-	
			-	-	(225,648)	
			98,104	(70,103)	(225,648)	
\$ 32,132,673	\$ -	\$ 32,132,673	\$ -	\$ -	\$ -	
10,639,038	-	10,639,038	-	-	-	
150,592	-	150,592	-	90,539	-	
470,621	-	470,621	-	-	-	
2,200,779	57,970	2,258,749	1,896	-	225,648	
912,069	2,753	914,822	-	3,350	-	
97,756	-	97,756	-	-	-	
(364,129)	-	(364,129)	-	-	-	
46,239,399	60,723	46,300,122	1,896	93,889	225,648	
9,117,888	1,312,204	10,430,092	100,000	23,786	-	
16,263,312	37,354,795	53,618,107	1,746,944	141,512	-	
773,866	-	773,866	-	-	-	
17,037,178	37,354,795	54,391,973	1,746,944	141,512	-	
\$ 26,155,066	\$ 38,666,999	\$ 64,822,065	\$ 1,846,944	\$ 165,298	\$ -	

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**  
**Exhibit 3**

	General Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 20,410,641	\$ 521,803	\$ 20,932,444
Restricted cash and cash equivalents	1,159,146	-	1,159,146
Taxes receivable, net	4,255,269	176,729	4,431,998
Receivables, net	121,436	-	121,436
Due from other funds	1,728,982	-	1,728,982
Due from other governments	3,877,623	234,043	4,111,666
Due from component unit	145,355	-	145,355
<b>Total assets</b>	<b>\$ 31,698,452</b>	<b>\$ 932,575</b>	<b>\$ 32,631,027</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 2,217,665	\$ 333,575	\$ 2,551,240
Unspent grant revenues	1,087,466	-	1,087,466
Due to other funds	44,932	1,202,588	1,247,520
Due to other governments	486,116	-	486,116
Due to component unit	29,863	-	29,863
<b>Total liabilities</b>	<b>3,866,042</b>	<b>1,536,163</b>	<b>5,402,205</b>
<b>Deferred Inflows of Resources</b>	<b>4,552,357</b>	<b>176,729</b>	<b>4,729,086</b>
<b>Fund Balances</b>			
Restricted:			
Stabilization by state statute	5,767,561	16,489	5,784,050
Schools	157,680	-	157,680
Public Safety E-911	-	492,932	492,932
Economic development	-	8,379	8,379
Committed:			
Tax revaluation and mapping	910,068	-	910,068
Assigned:			
Subsequent year's expenditures	8,294,523	-	8,294,523
Unassigned	8,150,221	(1,298,117)	6,852,104
<b>Total fund balances</b>	<b>23,280,053</b>	<b>(780,317)</b>	<b>22,499,736</b>
<b>Total liabilities, deferred inflows of resource, and fund balances</b>	<b>\$ 31,698,452</b>	<b>\$ 932,575</b>	<b>\$ 32,631,027</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2020**  
**Exhibit 3**

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Total fund balance - governmental funds	\$ 22,499,736
Net pension asset	64,142
Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds.	3,810,924
Charges related to advance refunding bond issue.	66,545
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.	
Capital assets used in governmental activities	70,782,296
Accumulated depreciation	<u>(26,906,431)</u>
Net capital assets used in governmental activities	43,875,865
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,354,966
Benefit payments and administrative costs for LEOSSA	57,255
Pension related deferrals	1,934,515
OPEB deferrals	(1,288,260)
Deferred inflows of resources for taxes and special assessments receivable	
Taxes receivable - General Fund	4,255,269
Taxes receivable - Special Revenue Funds	176,729
Other deferred revenues	9,832
Interest on taxes receivable	105,165
Some liabilities, including bonds payable, other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the fund statements:	
Compensated absences	(1,523,516)
Net pension liability -LGERS	(5,775,917)
Total pension liability - LEOSSA	(1,729,518)
Total OPEB liability	(6,915,910)
Accrued interest	(305,321)
Long-term debt	(34,517,435)
<b>Net position of governmental activities</b>	<b>\$ 26,155,066</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**  
**Exhibit 4**

	Major	Non-Major	
	General	Other Governmental Funds	Total
	Fund		
<b>Revenues</b>			
Ad valorem taxes	\$ 30,890,115	\$ 1,209,291	\$ 32,099,406
Local option sales taxes	9,319,390	1,319,648	10,639,038
Other taxes and licenses	150,592	-	150,592
Unrestricted intergovernmental	470,621	-	470,621
Restricted intergovernmental	15,587,362	2,906,842	18,494,204
Permits and fees	1,025,138	-	1,025,138
Sales and services	2,159,596	1,063	2,160,659
Investment earnings	490,782	-	490,782
Miscellaneous	912,069	-	912,069
<b>Total revenues</b>	<b>61,005,665</b>	<b>5,436,844</b>	<b>66,442,509</b>
<b>Expenditures</b>			
Current:			
General government	7,444,750	-	7,444,750
Public safety	13,076,224	1,331,354	14,407,578
Transportation	208,709	-	208,709
Economic and physical development	2,129,234	2,821,234	4,950,468
Human services	17,155,864	-	17,155,864
Cultural and recreational	606,839	-	606,839
Environmental protection	80,264	-	80,264
Intergovernmental:			
Education	14,272,284	1,319,648	15,591,932
Debt service:			
Principal retirement	3,324,991	-	3,324,991
Interest and fees	1,218,220	-	1,218,220
<b>Total expenditures</b>	<b>59,517,379</b>	<b>5,472,236</b>	<b>64,989,615</b>
Excess (deficiency) of revenues over expenditures	1,488,286	(35,392)	1,452,894
<b>Other financing sources (uses)</b>			
Proceeds from sale of capital assets	5,737	-	5,737
Transfers from other funds	6,742,618	291,984	7,034,602
Transfers to other funds	(7,034,602)	-	(7,034,602)
<b>Total other financing sources (uses)</b>	<b>(286,247)</b>	<b>291,984</b>	<b>5,737</b>
Net change in fund balances	1,202,039	256,592	1,458,631
Fund balances (deficit), beginning of year, as previously reported	21,304,148	(1,036,909)	20,267,239
Prior period adjustment	773,866	-	773,866
<b>Fund balances (deficit), beginning of year</b>	<b>22,078,014</b>	<b>(1,036,909)</b>	<b>21,041,105</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 23,280,053</b>	<b>\$ (780,317)</b>	<b>\$ 22,499,736</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**  
**Exhibit 4**

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

Net changes in fund balances - total governmental funds	\$	1,458,631
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized		5,685,390
Depreciation expense for governmental assets		(1,526,751)
		4,158,639
Loss on capital lease receivable, not recognized on modified accrual basis		(369,866)
Collection of capital lease principal reflected as revenue		(66,811)
Gain (loss) from change in net investment in joint venture Rocky Mount Wilson Airport, not recognized on the modified accrual basis		1,709,997
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Increase in deferred inflows of resources - taxes receivable		48,193
Decrease in deferred inflows of resources - other revenues		(14,926)
		33,267
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		1,354,966
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of net position		57,255
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		3,324,991
		3,324,991
Forgiveness of long-term debt		97,756
<p>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:</p>		
Compensated absences		(304,286)
Other post employment benefits expense		206,753
Accrued interest		18,109
Amortization of premium on debt		42,661
Amortization of charges for advance refunding of debt		(22,181)
Pension expense		(2,581,993)
		(2,581,993)
<b>Total changes in net position of governmental activities</b>	<b>\$</b>	<b>9,117,888</b>

*The accompanying notes are an integral part of the financial statements.*



**Edgecombe County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**Exhibit 5**

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 30,580,000	\$ 30,580,000	\$ 30,890,115	\$ 310,115
Local option sales taxes	4,905,000	5,732,960	9,319,390	3,586,430
Other taxes and licenses	137,000	147,000	150,592	3,592
Unrestricted intergovernmental	200,000	305,400	470,621	165,221
Restricted intergovernmental	14,883,338	35,494,976	15,587,362	(19,907,614)
Permits and fees	617,500	666,763	1,025,138	358,375
Sales and services	1,518,800	1,793,608	2,159,596	365,988
Investment earnings	-	50,000	490,782	440,782
Miscellaneous	296,000	511,284	912,069	400,785
<b>Total revenues</b>	<b>53,137,638</b>	<b>75,281,991</b>	<b>61,005,665</b>	<b>(14,276,326)</b>
<b>Expenditures</b>				
Current:				
General government	7,419,516	9,040,847	7,444,750	1,596,097
Public safety	12,380,323	18,059,445	13,076,224	4,983,221
Transportation	156,780	211,354	208,709	2,645
Economic and physical development	1,353,269	14,620,672	2,129,234	12,491,438
Human services	20,030,062	21,494,438	17,155,864	4,338,574
Cultural and recreational	655,392	640,392	606,839	33,553
Environmental protection	-	90,000	80,264	9,736
Intergovernmental:				
Education	13,103,314	13,418,912	14,272,284	(853,372)
Debt service				
Principal retirement	3,299,689	3,380,840	3,324,991	55,849
Interest and other charges	637,156	1,259,642	1,218,220	41,422
<b>Total expenditures</b>	<b>59,035,501</b>	<b>82,216,542</b>	<b>59,517,379</b>	<b>22,699,163</b>
Revenues over (under) expenditures	(5,897,863)	(6,934,551)	1,488,286	8,422,837
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	250,000	5,737	(244,263)
Transfer from other funds	-	6,315,618	6,315,618	-
Transfers to other funds	-	(7,034,602)	(7,034,602)	-
<b>Total other financing uses</b>	<b>-</b>	<b>(468,984)</b>	<b>(713,247)</b>	<b>(244,263)</b>
<b>Appropriated fund balance</b>	<b>5,897,863</b>	<b>8,747,820</b>	<b>-</b>	<b>(8,747,820)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ 1,344,285</b>	<b>775,039</b>	<b>\$ (569,246)</b>
Fund balance, beginning of year, as previously reported			20,821,080	
Prior period adjustment			773,866	
<b>Fund balance, beginning of year</b>			<b>21,594,946</b>	
<b>Fund balance, end of year</b>			<b>\$ 22,369,985</b>	

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**  
**Exhibit 5**

Fund balance, end of year	\$ 22,369,985
A Legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:	
Transfers from General Fund	427,000
Fund balance, beginning of year	483,068
<hr/>	
Fund balance, end of year (Exhibit 4)	\$ 23,280,053
<hr/> <hr/>	

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2020**  
**Exhibit 6**

	Major		Total
	Water and Sewer Operations	Solid Waste Fund	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 7,027	\$ 1,111,617	\$ 1,118,644
Receivables, net	827,924	114,100	942,024
Due from other governments	-	20,925	20,925
<b>Total current assets</b>	<b>834,951</b>	<b>1,246,642</b>	<b>2,081,593</b>
Noncurrent assets:			
Restricted cash and cash equivalents	453,678	14,341	468,019
Capital assets:			
Land and construction in progress	869,760	1,151,736	2,021,496
Other capital assets, net of depreciation	51,888,404	3,476,901	55,365,305
<b>Total capital assets</b>	<b>52,758,164</b>	<b>4,628,637</b>	<b>57,386,801</b>
<b>Total noncurrent assets</b>	<b>53,211,842</b>	<b>4,642,978</b>	<b>57,854,820</b>
<b>Total assets</b>	<b>54,046,793</b>	<b>5,889,620</b>	<b>59,936,413</b>
<b>Deferred Outflows of Resources</b>			
Deferred cost of refunding	81,750	-	81,750
Pension deferrals	90,651	57,640	148,291
OPEB deferrals	4,669	6,660	11,329
<b>Total deferred outflows of resources</b>	<b>177,070</b>	<b>64,300</b>	<b>241,370</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2020**  
**Exhibit 6**

	Major		Total
	Water and Sewer Operations	Solid Waste Fund	
<b>Liabilities</b>			
Current liabilities:			
Liabilities payable from restricted assets			
Customer deposits	\$ 133,012	\$ 14,341	\$ 147,353
Accounts payable and accrued liabilities	34,456	87,700	122,156
Due to other funds	481,462	-	481,462
Due to other governments	10,263	-	10,263
Accrued interest	38,547	-	38,547
Notes payable - current	73,106	77,760	150,866
Revenue bonds payable - current	33,000	-	33,000
General obligation bonds payable - current	58,000	-	58,000
Limited obligation bonds - current	604,800	-	604,800
<b>Total current liabilities</b>	<b>1,466,646</b>	<b>179,801</b>	<b>1,646,447</b>
Long-term liabilities:			
Accrued landfill closure and post-closure costs	-	4,950,216	4,950,216
Compensated absences	43,664	21,410	65,074
Total OPEB liability	176,652	251,961	428,613
Net pension liability	151,574	96,378	247,952
Notes payable	1,043,435	32,560	1,075,995
Revenue bonds payable	1,651,000	-	1,651,000
General obligation bonds payable	3,290,000	-	3,290,000
Limited obligations bonds	8,047,210	-	8,047,210
<b>Total long-term liabilities</b>	<b>14,403,535</b>	<b>5,352,525</b>	<b>19,756,060</b>
<b>Total liabilities</b>	<b>15,870,181</b>	<b>5,532,326</b>	<b>21,402,507</b>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	4,993	3,175	8,168
OPEB deferrals	41,260	58,849	100,109
<b>Total deferred inflows of resources</b>	<b>46,253</b>	<b>62,024</b>	<b>108,277</b>
<b>Net Position</b>			
Net investment in capital assets	37,957,613	4,518,317	42,475,930
Unrestricted	349,816	(4,158,747)	(3,808,931)
<b>Total net position</b>	<b>\$ 38,307,429</b>	<b>\$ 359,570</b>	<b>\$ 38,666,999</b>

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**  
**Exhibit 7**

	Major		Total
	Water and Sewer Operations	Solid Waste Fund	
<b>Operating Revenues</b>			
Charges for services	\$ 4,234,635	2,381,325	\$ 6,615,960
Water and sewer taps	97,498	-	97,498
Administration fees	2,400	-	2,400
Other operating revenues	14,000	41,227	55,227
<b>Total operating revenues</b>	<b>4,348,533</b>	<b>2,422,552</b>	<b>6,771,085</b>
<b>Operating Expenses</b>			
Salaries and employee benefits	634,455	798,825	1,433,280
Water purchases	1,232,470	-	1,232,470
Water and sewer operations	539,174	-	539,174
Sewer costs	456,312	-	456,312
Landfill operations	-	1,545,594	1,545,594
Landfill closure and post-closure care costs	-	196,451	196,451
Depreciation	1,435,858	237,933	1,673,791
<b>Total operating expenses</b>	<b>4,298,269</b>	<b>2,778,803</b>	<b>7,077,072</b>
Operating income (loss)	50,264	(356,251)	(305,987)
<b>Non-Operating Revenues (Expenses)</b>			
Solid waste disposal tax	-	20,535	20,535
Scrap tire disposal tax	-	71,698	71,698
White goods disposal tax	-	11,438	11,438
White goods grant'	-	(4,254)	(4,254)
Scrap tire grant	-	11,096	11,096
Electronics management grant	-	3,047	3,047
Investment earnings	2,600	55,370	57,970
Interest expense	(509,708)	-	(509,708)
Miscellaneous	-	2,753	2,753
<b>Total non-operating revenue (expense)</b>	<b>(507,108)</b>	<b>171,683</b>	<b>(335,425)</b>
Income (loss) before transfers and capital contributions	(456,844)	(184,568)	(641,412)
Capital contributions			
Federal and State grants	1,953,616	-	1,953,616
Change in net position	1,496,772	(184,568)	1,312,204
Total net position, beginning of year	36,810,657	544,138	37,354,795
Net position, end of year	\$ 38,307,429	\$ 359,570	\$ 38,666,999

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**  
**Exhibit 8**

	Major		Total
	Water and Sewer Operations	Solid Waste Fund	
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 4,285,203	\$ 2,353,162	\$ 6,638,365
Cash paid for goods and services	(2,255,699)	(1,721,565)	(3,977,264)
Cash paid to employees for services	(598,667)	(765,573)	(1,364,240)
Customer deposits received, net	32,726	442	33,168
Other operating revenues	16,400	41,227	57,627
Net cash provided by (used in) operating activities	1,479,963	(92,307)	1,387,656
<b>Cash flows from non-capital financing activities</b>			
Solid waste disposal tax	-	20,653	20,653
Scrap tire disposal tax	-	74,975	74,975
White goods disposal tax	-	17,019	17,019
White goods grant	-	(4,254)	(4,254)
Scrap tire grant	-	30,653	30,653
Waste reduction and recycling grant	-	3,047	3,047
Miscellaneous	-	2,753	2,753
Net cash provided by non-capital financing activities	-	144,846	144,846
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(850,258)	(42,271)	(892,529)
Advances from (to) other funds, net	(1,130,948)	-	(1,130,948)
Principal paid on bond maturities and notes payable	(750,906)	(77,760)	(828,666)
Interest paid on bond maturities and notes payable	(511,444)	-	(511,444)
Capital contributions - grants	1,953,616	-	1,953,616
Net cash used by capital and related financing activities	(1,289,940)	(120,031)	(1,409,971)
<b>Cash flows from investing activities</b>			
Interest on investments	2,600	55,370	57,970
Net change in cash and cash equivalents	192,623	(12,122)	180,501
Cash and cash equivalents, beginning of year	268,082	1,138,080	1,406,162
Cash and cash equivalents, end of year	\$ 460,705	\$ 1,125,958	\$ 1,586,663
Cash and cash equivalents	\$ 7,027	\$ 1,111,617	\$ 1,118,644
Restricted cash and cash equivalents	453,678	14,341	468,019
Total cash and cash equivalents	\$ 460,705	\$ 1,125,958	\$ 1,586,663

*The accompanying notes are an integral part of the financial statements.*

**Edgecombe County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**  
**Exhibit 8**

	Major		Total
	Water and Sewer Operations	Solid Waste Fund	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 50,264	\$ (356,251)	\$ (305,987)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,435,858	237,933	1,673,791
Landfill closure and post-closure care costs	-	196,451	196,451
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(46,930)	(28,163)	(75,093)
Increase (decrease) in accounts payable	(26,675)	(175,971)	(202,646)
Increase (decrease) in due to other governments	(1,068)	-	(1,068)
Increase (decrease) in customer deposits	32,726	442	33,168
(Increase) decrease in deferred outflows of resources - pensions	15,218	9,711	24,929
(Increase) decrease in deferred outflows of resources - OPEB	(2,667)	(3,879)	(6,546)
Increase (decrease) in net pension liability	16,109	10,199	26,308
Increase (decrease) in deferred inflows of resources - pensions	(575)	(367)	(942)
Increase (decrease) in deferred inflows of resources - OPEB	26,721	38,655	65,376
Increase (decrease) in total OPEB liability	(20,031)	(21,225)	(41,256)
Increase (decrease) in compensated absences	1,013	158	1,171
<b>Total adjustments</b>	<b>1,429,699</b>	<b>263,944</b>	<b>1,693,643</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,479,963</b>	<b>\$ (92,307)</b>	<b>\$ 1,387,656</b>

*The accompanying notes are an integral part of the financial statements.*

Edgecombe County, North Carolina  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020  
Exhibit 9

	Agency Funds
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 461,259
<hr/>	
Total assets	\$ 461,259
<hr/> <hr/>	
<b>Liabilities</b>	
Miscellaneous liabilities	\$ 248,870
Due to other governments	212,389
<hr/>	
Total liabilities	\$ 461,259
<hr/> <hr/>	

*The accompanying notes are an integral part of the financial statements.*



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## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

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

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Edgecombe County Water District No. 1	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 2	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 3	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 4	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 5	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Water District No. 6 (Town of Princeville)	Blended	Under State law [NCGS 162A-89], the County’s board of commissioners also serve as the governing board for the District.	None issued
Edgecombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause. There was no activity within the Authority during the fiscal year ended June 30, 2020.	None issued

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Reporting Entity (Continued)**

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

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

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

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

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

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

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Trust Fund, which accounts for the \$5 of each fee collected by the Register of Deeds for registering a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis, the Inmate Trust Fund which accounts for inmate commissary activities for the County's detention centers, and the Cooperative Extension and 4-H fund which holds revenues for use by the County's agricultural programs.

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

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

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

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

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

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

#### **Use of Estimates**

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

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### C. Budgetary Data

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

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

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

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

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

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



## Edgecombe County, North Carolina Notes to Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### *1. Deposits and Investments*

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

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

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

##### *2. Cash and Cash Equivalents*

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Restricted Assets**

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund and Debt Service Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Restricted cash and cash equivalents consists of the following at June 30, 2020:

<b>Governmental Activities:</b>	
Revaluation Fund - G.S. 153A-150	\$ 910,068
Debt Service Fund	157,680
General Fund - Public Safety	91,398
<hr/>	
Total governmental activities	\$ 1,159,146
<hr/>	
<b>Business-type Activities:</b>	
Solid waste fund	
Customer deposits	\$ 14,341
<hr/>	
Total restricted to solid waste fund customer deposits	14,341
<hr/>	
Water and sewer fund	
Water Fund debt reserve	320,666
Customer deposits	133,012
<hr/>	
Total water and sewer fund restricted assets	453,678
<hr/>	
Total business-type activities	\$ 468,019
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***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, 2019.

**4. Allowance for Doubtful Accounts**

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***5. Inventory and Prepaid Items***

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

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

***6. Capital Assets***

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

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

***6. Capital Assets (continued)***

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

	<u>Years</u>
Buildings	20
Leasehold improvements	10 – 20
Furniture and equipment	10
Vehicles	3 - 5

***7. Deferred Outflows/Inflows of Resources***

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

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

***8. Long-term Obligations***

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

***9. Compensated Absences***

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

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

***10. Net Position/Fund Balances***

*Net Position*

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

*Fund Balances*

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

The governmental fund types classify fund balances as follows:

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

*Fund Balances (continued)*

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

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

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

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

*Fund Balances (continued)*

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

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

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

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

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

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

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Defined Benefit Pension Plans**

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

**E. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of \$3,655,330 consists of several elements as shown on the following page:

Description	Amount
Total fund balances - governmental funds	\$ 22,499,736
Net pension asset	64,142
Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds.	3,810,924
Charges related to advance refunding bond issue.	66,545



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

Historical cost of capital assets	70,782,296	
Accumulated depreciation	<u>(26,906,431)</u>	43,875,865

Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Activities		1,354,966
Benefit payments and administrative costs for LEOSSA		57,255
Pension related deferrals		1,934,515
OPEB deferrals		(1,288,260)
Deferred inflows of resources reported in the fund statements but not the government-wide statements.		
Taxes receivable - General Fund		4,255,269
Taxes Receivable - Special Revenue Funds		176,729
Other deferred revenues		9,832
Interest on taxes receivable		105,165

Total deferred inflows		4,546,995
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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements.

Compensated absences		(1,523,516)
Net pension liability		(5,775,917)
Total pension liability - LEOSSA		(1,729,518)
Total OPEB liability		(6,915,910)
Accrued interest		(305,321)
Long-term debt		(34,517,435)

Total		(50,767,617)
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Total adjustment		3,655,330
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Net position of governmental activities		\$ 26,155,066
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***2. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position***

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in total fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The total adjustment of \$7,659,257 consists of several elements as shown on the following page:

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

**2. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position (continued)**

Description	Amount
Net change in fund balances - governmental funds	\$ 1,458,631
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Capital outlay expenditures which were capitalized	5,685,390
Depreciation expense for governmental assets	<u>(1,526,751)</u>
	4,158,639
Cost of disposed capital asset not recorded in fund statements	(369,866)
Collection of capital lease principal reflected as revenue	(66,811)
Gain (loss) from change in net investment in joint	1,709,997
<p>Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements</p>	
Increase in deferred inflows of resources - taxes receivable	48,193
Increase in deferred inflows of resources - grant revenues (General)	-
Decrease in deferred inflows of resources - other revenues	<u>(14,926)</u>
	33,267
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities	1,354,966
Benefit payments and administration costs for LEOWSA are deferred outflows of resources on the Statement of net position	57,255
Principal payments on debt owed are recorded as a use of funds in the fund statements but only the Statement of Net Position in the government-wide statements.	<u>3,324,991</u>
	3,324,991
Forgiveness of long-term debt	97,756
<p>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</p>	
Compensated absences	(304,286)
Other post employment benefits	206,753
Accrued interest	18,109
Amortization of premium on debt	42,661
Amortization of charges for advance refunding of debt	(22,181)
Pension expense	<u>(2,581,993)</u>
	7,659,257
<b>Total adjustments</b>	<b>7,659,257</b>
<b>Change in net position of governmental activities</b>	<b>\$ 9,117,888</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance in an Individual Fund**

For the fiscal year ended June 30, 2020, the expenditures made in the ABC Board's proprietary fund exceeded the authorized appropriations made by the governing body in distributions to the municipalities and the County, and cost of goods sold. Management and Board of Directors of the ABC Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2020, the following fund carried deficit fund balances.

Employee Health Insurance Fund (for reporting, consolidated with the general fund)	\$568,422
Community Development Block Grant Fund	534,539
Water District Capital Project Fund	370,859
Economic Development and Housing Recovery Fund	336,234
Health Department Fund (for reporting, consolidated with the general fund)	145,790
Hazard Mitigation Grant Program Fund	427,344

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

**B. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2020, the following departments' expenditures exceeded amount approved in the budget ordinance and subsequent amendments.

General Fund -- Education	\$853,372
Water District Capital Project Fund	284,842
School Capital Project Fund	51,337
Fire Districts Fund	29,971

**Note 3: DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All of the County's, the ABC Board's, and Tourism Development Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's, the ABC Board's, or the Tourism Development Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, and Tourism Development Authority, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the ABC Board, the Tourism

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

#### A. Assets (Continued)

##### 1. Deposits (continued)

Development Authority, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, or Tourism Development Authority under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2020, the County's deposits had a carrying amount of \$2,272,609 and a bank balance of \$3,901,821. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,285,489 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2020, the County had \$3,125 cash on hand.

At June 30, 2020, the carrying amount of deposits for the Edgecombe County ABC Board was \$849,549 and the bank balance was \$1,405,391. Of the bank balance, \$594,151 was covered by federal depository insurance and \$811,420 was covered by collateral held under the Pooling Method. At June 30, 2020, the ABC Board had \$4,400 cash on hand.

At June 30, 2020, the carrying amount of the Tourism Development Authority's deposits was \$135,434 and the bank balance was \$135,734. The entire bank balance was covered by federal depository insurance at June 30, 2020.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**2. Investments**

As of June 30, 2020, the County had the following investments and maturities.

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 16,632,445	N/A	N/A
NC Capital Management Trust – Term Portfolio*	Fair Value – Level 1	5,231,335	\$5,231,335	-
<b>Total</b>		<b>\$21,863,780</b>	<b>\$5,231,335</b>	<b>-</b>

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

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

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

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

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). However, the County had no formal policy on managing credit risk. The County’s investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s as of June 30, 2020. The County’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

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

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

Year Levied	Tax	Interest	Total
2016	\$ 2,078,374	\$ 680,668	\$ 682,684
2017	2,909,230	690,942	692,959
2018	2,961,926	436,884	438,902
2019	2,990,024	171,926	173,945
<b>Total</b>	<b>\$ 10,939,554</b>	<b>\$ 1,980,420</b>	<b>\$ 1,988,490</b>

**4. Receivables**

Receivables at the government-wide level at June 30, 2020, were as follows:

Governmental Activities:	Accounts	Taxes Receivable	Due from Other	Other	Total
General	\$ 152,258	\$ 6,013,287	\$ 3,877,623	\$ -	\$ 10,043,168
Other Governmental	-	176,729	234,043	-	410,772
<b>Total receivables</b>	<b>152,258</b>	<b>6,190,016</b>	<b>4,111,666</b>	<b>-</b>	<b>10,453,940</b>
Allowance for doubtful accounts	(30,822)	(1,758,018)	-	-	(1,788,840)
<b>Total - governmental activities</b>	<b>\$ 121,436</b>	<b>\$ 4,431,998</b>	<b>\$ 4,111,666</b>	<b>-</b>	<b>\$ 8,665,100</b>
<b>Business-type Activities:</b>					
Water and Sewer	\$ 1,483,158	\$ -	\$ -	\$ -	\$ 1,483,158
Solid Waste Fund	289,752	525,108	20,925	-	835,785
<b>Total receivables</b>	<b>1,772,910</b>	<b>525,108</b>	<b>20,925</b>	<b>-</b>	<b>2,318,943</b>
Allowance for doubtful accounts					
Water and Sewer	(655,234)	-	-	-	(655,234)
Solid Waste Fund	(175,652)	(525,108)	-	-	(700,760)
<b>Total - business-type activities</b>	<b>\$ 942,024</b>	<b>\$ -</b>	<b>\$ 20,925</b>	<b>\$ -</b>	<b>\$ 962,949</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**4. Receivables (continue)**

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

Description	Governmental Activities	Business-type Activities
NC Division of Motor Vehicles	\$ 480,429	\$ -
North Carolina Department of Revenue		
Local option sales taxes	1,758,558	-
Sales tax refund	567,311	-
Inmate housing fees	81,056	
NCDMV interest on motor vehicle taxes	423	
NCDMV revenue	13,462	
Civil license fees	450	
Scrap tire disposal taxes	-	16,020
Solid waste disposal taxes	-	4,905
911 Fees	16,489	-
Health Department		
Health Dept. other receivables	128,424	-
Department of Social Services		
DSS Administrative reimbursement	1,017,132	-
IVD Incentive	47,932	
<b>Totals</b>	<b>\$ 4,111,666</b>	<b>\$ 20,925</b>

Due from primary government for the Tourism Development Authority consists of occupancy taxes collected by Edgecombe County as of June 30, 2020, that are payable to the Tourism Development Authority.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**5. Capital Assets**

***Primary Government – Governmental Activities***

Capital asset activity for the year ended June 30, 2020, was as follows:

Governmental Activities	Beginning Balances, as restated	Increases	Decreases and Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 18,889,806	\$ -	\$ -	\$ 18,889,806
Construction in progress	4,579,612	3,981,912	-	8,561,524
<b>Total capital assets not being depreciated</b>	<b>23,469,418</b>	<b>3,981,912</b>	<b>-</b>	<b>27,451,330</b>
Capital assets being depreciated:				
Buildings and improvements	30,699,784	1,078,563	-	31,778,347
Equipment	6,015,412	322,436	-	6,337,848
Vehicles	5,211,958	302,479	(299,666)	5,214,771
<b>Total capital assets being depreciated</b>	<b>41,927,154</b>	<b>1,703,478</b>	<b>(299,666)</b>	<b>43,330,966</b>
Less accumulated depreciation for:				
Buildings and improvements	16,401,624	869,945	-	17,271,569
Equipment	5,539,704	225,857	-	5,765,561
Vehicles	3,738,018	430,949	(299,666)	3,869,301
<b>Total accumulated depreciation</b>	<b>25,679,346</b>	<b>1,526,751</b>	<b>(299,666)</b>	<b>26,906,431</b>
<b>Total capital assets being depreciated, net</b>	<b>16,247,808</b>	<b>176,727</b>	<b>-</b>	<b>16,424,535</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 39,717,226</b>	<b>\$ 4,158,639</b>	<b>\$ -</b>	<b>\$ 43,875,865</b>



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**5. Capital Assets (continued)**

***Primary Government – Governmental Activities (continued)***

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

General government	\$	320,209
Public safety		823,822
Human services		382,720
<hr/>		
Total depreciation expense	\$	1,526,751
<hr/> <hr/>		

***Special Item – Schools, Conduit Debt***

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**5. Capital Assets (continued)**

***Primary Government – Business-Type Activities***

Business-type capital asset activity for the year ended June 30, 2020, was as follows:

Water and Sewer Activities	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 51,992	\$ -	\$ -	\$ 51,992
Construction in progress	-	817,768	-	817,768
<b>Total capital assets not being depreciated</b>	<b>51,992</b>	<b>817,768</b>	<b>-</b>	<b>869,760</b>
Capital assets being depreciated:				
Plants and distribution systems	64,395,499	32,490	-	64,427,989
Buildings and improvements	1,166,880	-	-	1,166,880
Equipment	572,872	-	-	572,872
Vehicles	869,363	-	-	869,363
<b>Total capital assets being depreciated</b>	<b>67,004,614</b>	<b>32,490</b>	<b>-</b>	<b>67,037,104</b>
Less accumulated depreciation for:				
Plants and distribution systems	12,484,017	1,291,585	-	13,775,602
Buildings and improvements	242,940	35,021	-	277,961
Equipment	422,830	51,108	-	473,938
Vehicles	563,055	58,144	-	621,199
<b>Total accumulated depreciation</b>	<b>13,712,842</b>	<b>1,435,858</b>	<b>-</b>	<b>15,148,700</b>
<b>Total capital assets being depreciated, net</b>	<b>53,291,772</b>	<b>(1,403,368)</b>	<b>-</b>	<b>51,888,404</b>
<b>Water activities capital assets, net</b>	<b>\$ 53,343,764</b>	<b>\$ (585,600)</b>	<b>\$ -</b>	<b>\$ 52,758,164</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**5. Capital Assets (continued)**

**Primary Government – Business-Type Activities (continued)**

Solid Waste Activities	Beginning Balances	Increases	Decreases and Transfers	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,151,736	\$ -	\$ -	\$ 1,151,736
Capital assets being depreciated:				
Buildings	2,733,016	42,271	-	2,775,287
Equipment	2,658,913	-	-	2,658,913
Vehicles	1,937,022	-	-	1,937,022
Total capital assets being depreciated	7,328,951	42,271	-	7,371,222
Less accumulated depreciation for:				
Buildings	917,887	82,795	-	1,000,682
Equipment	1,310,080	103,068	-	1,413,148
Vehicles	1,428,421	52,070	-	1,480,491
Total accumulated depreciation	3,656,388	237,933	-	3,894,321
Total capital assets being depreciated, net	3,672,563	(195,662)	-	3,476,901
Solid Waste activities capital assets, net	\$ 4,824,299	\$ (195,662)	\$ -	\$ 4,628,637
Business-type activities capital assets, net	\$ 58,168,063	\$ (781,262)	\$ -	\$ 57,386,801

**Construction Commitments**

The County has active construction projects at June 30, 2020. These projects include water system improvements and other capital improvements. At June 30, 2020, the County's commitments with contractors are as follows:

Project	Contract Amount	Spent-To-Date	Remaining Commitment
Water and Sewer System			
Kingsboro Industrial Park - The Wooten Company	\$ 6,115,587	\$ 5,343,534	\$ 772,053

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**A. Assets (Continued)**

**5. Capital Assets (continued)**

***Discretely presented component units***

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 148,525	\$ -	\$ -	\$ 148,525
Capital assets being depreciated:				
Buildings and improvements	1,187,907	4,600	-	1,192,507
Equipment and furniture	236,524	-	-	236,524
Vehicles	56,390	-	-	56,390
Total capital assets being depreciated	1,480,821	4,600	-	1,485,421
Less accumulated depreciation for:				
Buildings and improvements	771,075	16,735	-	787,810
Equipment and furniture	153,385	15,575	-	168,960
Vehicles	31,704	3,366	-	35,070
Total accumulated depreciation	956,164	35,676	-	991,840
Total capital assets being depreciated, net	524,657	(31,076)	-	493,581
ABC Board capital assets, net	\$ 673,182	\$ (31,076)	\$ -	\$ 642,106

***Net Investment in Capital Assets***

The net investment in capital assets at June 30, 2020 is composed of the following:

	Governmental Activities	Business -Type Activities	ABC Board
Capital Assets, net of depreciation	\$ 43,875,865	\$ 57,386,801	\$ 642,106
Total Debt	34,389,452	14,342,061	-
Add: Premium on debt	127,983	568,810	-
Total capital debt	\$ 34,517,435	\$ 14,910,871	-
Net investment in capital assets	\$ 9,358,430	\$ 42,475,930	\$ 642,106

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Due to Other Governments	Due to Other Government Component Unit	Accrued Interest	Claims Incurred But Not Reported	Total
<b>Governmental Activities:</b>						
General	\$ 1,484,213	\$ 486,116	\$ 29,863	\$ 305,321	733,452	\$ 3,038,965
Other governmental	333,575	-	-	-	-	333,575
<b>Total governmental activities</b>	<b>\$ 1,817,788</b>	<b>\$ 486,116</b>	<b>\$ 29,863</b>	<b>\$ 305,321</b>	<b>\$ 733,452</b>	<b>\$ 3,372,540</b>
<b>Business-type Activities:</b>						
Water and Sewer Operations	\$ 34,456	\$ -	\$ 10,263	\$ 38,547	\$ -	\$ 83,266
Solid Waste Fund	87,700	-	-	-	-	87,700
<b>Total business-type activities</b>	<b>\$ 122,156</b>	<b>\$ -</b>	<b>\$ 10,263</b>	<b>\$ 38,547</b>	<b>\$ -</b>	<b>\$ 170,966</b>

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

**a. Local Governmental Employee's Retirement System**

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

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

*Contributions:* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020 was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,428,261 for the year ended June 30, 2020.

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

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

At June 30, 2020, the County reported a liability of \$6,023,868 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

(asset) was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the County's proportion was .22058%, which was a decrease of .23299% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$2,613,131. At June 30, 2020, 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	\$ 1,031,439	\$ -
Changes of assumptions	981,791	-
Net differences between projected and actual earnings on pension plan investments	146,931	-
Changes in proportion and differences between County contributions and proportionate share of contributions	14,244	198,450
County contributions subsequent to the measurement date	1,428,261	-
<b>Total</b>	<b>\$ 3,602,666</b>	<b>\$ 198,450</b>

Deferred outflows of resources of \$1,428,261 related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021	\$	1,029,015
2022		271,155
2023		524,790
2024		150,995
<b>Total</b>	<b>\$</b>	<b>1,975,955</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

*Actuarial Assumptions:* The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014. The interest rate of 7.00% was adopted by the Board of Trustees on April 26, 2018.

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

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



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 13,777,687	\$ 6,023,868	\$ (421,127)

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

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

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

**1. Plan Description**

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

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

Retirees receiving benefits	7
Active plan members	56
Total	63

A separate report was not issued for the plan.

**2. Summary of Significant Accounting Policies:**

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

**3. Actuarial Assumptions**

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the weekly average of the S&P Municipal Bond 20-year High Grade Rate Index determined as of December 31, 2018.

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

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

**4. Contributions**

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$113,950 as benefits came due for the reporting period.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

At June 30, 2020, the County reported a total pension liability of \$1,729,518. The total pension liability was measured as of June 30, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$128,955.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,427	\$ 47,122
Changes of assumptions and other inputs	89,497	52,058
County benefit payments and plan administrative expenses made subsequent to the measurement date	57,255	-
<b>Total</b>	<b>\$ 179,179</b>	<b>\$ 99,180</b>

\$57,255 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, 2021. \$57,255 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2021		\$ 2,226
2022		3,841
2023		2,087
2024		2,763
2025		11,827
<b>Total</b>		<b>\$ 22,744</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

*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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
County's proportionate share of the net pension liability (asset)	\$ 1,870,758	\$ 1,729,518	\$ 1,600,596
		2020	2019
Beginning balance		\$ 1,627,102	\$ 1,725,677
Service cost		69,576	76,318
Interest on the total pension liability		57,153	52,767
Changes of benefit terms		-	-
Differences between expected and actual experience in the measurement of the total pension liability		39,239	(52,745)
Changes of assumptions or other inputs		50,398	(63,239)
Benefits payments		(113,950)	(111,676)
Other changes		-	-
<b>Ending balance of the total pension liability</b>		<b>\$ 1,729,518</b>	<b>\$ 1,627,102</b>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County also contributes two percent of salary for other full-time employees not engaged in law enforcement. Also, the law enforcement officers and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$375,868, which includes \$114,892 for law enforcement officers and \$260,976 for other employees. No amounts were forfeited.

***d. Registers of Deeds' Supplemental Pension Fund***

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

*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 \$2,678 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$64,142 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was .32490%, which is a decrease of .03906% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$5,706. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,093
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	656	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,674	3,271
County contributions subsequent to measurement date	2,678	-
Total	\$ 9,008	\$ 6,364

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

\$2,678 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ (2,626)
2021	2,526
2022	1,334
2023	(1,268)
<hr/>	
Total	\$ (34)

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

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

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

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

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



**Edgecombe County, North Carolina  
Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset as of June 30, 2020 is 1.4%.

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

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

*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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset	\$ (4,321)	\$ 64,142	\$ (829)

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

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSA was measured as of June 30, 2019, with an actuarial valuation date of

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

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

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

December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate Share of Net Pension Liability (Asset)	\$ 6,023,868	\$ (64,142)	\$ -	\$ 5,959,726
Proportion of the Net Pension Liability (Asset)	0.22508%	0.32490%		
Total Pension Liability	-	-	\$ 1,729,518	\$ 1,729,518
Pension Expense	\$ 2,613,131	\$ 5,706	\$ 128,955	\$ 2,747,792

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
<b><u>Deferred Outflows of Resources</u></b>				
Difference between expected and actual experience	\$ 1,031,439	\$ -	\$ 32,427	\$ 1,063,866
Changes of assumptions	981,791	-	89,497	1,071,288
Net difference between projected and actual earnings on pension plan investments	146,931	656	-	147,587
Changes in proportion and differences between County contributions and proportionate share of contributions	14,244	5,674	-	19,918
County contributions (LGERS, ROD) benefit payments and administrative costs (LEOSSA) subsequent to the measurement date	1,428,261	2,678	57,255	1,488,194
Totals	<u>\$ 3,602,666</u>	<u>\$ 9,008</u>	<u>\$ 179,179</u>	<u>\$ 3,790,853</u>
<b><u>Deferred Inflows of Resources</u></b>				
Difference between expected and actual experience	\$ -	\$ 3,093	\$ 47,122	\$ 50,215
Changes of assumptions	-	-	52,058	52,058
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	198,450	3,271	-	201,721
Totals	<u>\$ 198,450</u>	<u>\$ 6,364</u>	<u>\$ 99,180</u>	<u>\$ 303,994</u>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

**e. Edgecombe County ABC Board Pension Plan**

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

**f. Other Postemployment Benefit**

***Healthcare Benefits***

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

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

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

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

Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	55
Active plan members	411
<b>Total</b>	<b>466</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

**f. Other Postemployment Benefit (continued)**

**Total OPEB Liability**

The City's total OPEB liability of \$7,344,523 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 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	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 – 7.75 percent
Law enforcement officers	3.50 – 7.35 percent
Discount rate – Municipal Bond Index Rate	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate Rate of 4.5 percent by 2026
Dental	4.00 percent

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

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2021 through December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

**f. Other Postemployment Benefit (continued)**

**Changes in the Total OPEB Liability**

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 325,018	\$ 337,858	\$ 368,506
Interest	318,379	297,467	260,129
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,437,960)	(99,801)	123,159
Changes of assumptions	150,483	(263,221)	(450,724)
Benefit payments	(388,190)	(498,222)	(676,037)
<b>Net change in total OPEB liability</b>	<b>(1,032,270)</b>	<b>(225,919)</b>	<b>(374,967)</b>
<b>Total OPEB liability - beginning</b>	<b>8,376,793</b>	<b>8,602,712</b>	<b>8,977,680</b>
<b>Total OPEB liability - ending</b>	<b>\$ 7,344,523</b>	<b>\$ 8,376,793</b>	<b>\$ 8,602,713</b>

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 8,229,729	\$ 7,344,523	\$ 6,596,386

*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	\$ 6,491,996	\$ 7,344,523	\$ 8,382,720

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

**f. Other Postemployment Benefit (continued)**

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$343,256. 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	\$ 66,315	\$ 1,290,493
Benefit payments and administrative costs made subsequent to the measurement date	144,244	-
Changes of assumptions or other inputs	127,821	424,927
<b>Total</b>	<b>\$ 338,380</b>	<b>\$ 1,715,420</b>

\$144,244 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (300,141)
2021	(300,141)
2022	(300,141)
2023	(274,948)
2024	(221,819)
Thereafter	(124,094)
<b>Total</b>	<b>\$ (1,521,284)</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

**f. Other Postemployment Benefit (continued)**

***Other Employment Benefits***

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

The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2020, the County made contributions to the State for death benefits of \$15,338. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The County considers these contributions to be immaterial.

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

State and federal laws and regulations require the County to place a final cover on the Edgecombe County Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$4,950,216 reported as landfill closure and post closure care liability at June 30, 2020 represents a cumulative amount reported to date based on the use of 63.10% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$4,950,216 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2019. The County expects to close the landfill in the year 2060. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

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

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post closure care costs. The County’s solid waste closure and post closure care reserve fund held investments with a cost of \$1,580,523 (market value, \$1,580,523) at year-end. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

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

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

	Statement of Net Position
Pensions - difference between expected and actual experience	\$ 1,063,866
Pensions - difference between projected and actual investment earnings	147,587
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	19,918
Contributions to pension plan subsequent to measurement date	1,430,939
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of net position	57,255
Pensions - changes in assumptions	1,071,288
Charge on refunding of debt	148,295
OPEB - benefit payments and administrative costs made subsequent to the measurement date	144,244
OPEB - difference between expected and actual experience	194,136
Totals	\$ 4,277,528



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**4. Deferred Outflows and Inflows of Resources (continued)**

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

	Statement of Net Position	Governmental Funds Balance Sheet
Pensions - difference between expected and actual experience	\$ 50,215	\$ -
share of contributions	201,721	-
Pensions - changes in assumptions	52,058	-
OPEB - difference between expected and actual experience	1,290,493	-
OPEB - changes in assumptions	424,927	-
Prepaid taxes not yet earned (General)	182,091	182,091
Property tax receivable (net) (General)	-	4,365,249
Property taxes receivable (net) (Special Revenue)	-	176,729
Special assessments receivable (General)	-	2,807
Other deferred revenue (General)	-	2,210
Other deferred revenue (Human Services)	-	-
<b>Totals</b>	<b>\$ 2,201,505</b>	<b>\$ 4,729,086</b>

**5. Risk Management**

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

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

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**5. Risk Management (continued)**

In accordance with G.S. 159-29, County employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$500,000 and \$100,000, respectively. The sheriff is bonded for \$25,000. The remaining employees who have access to funds are bonded under a blanket bond for \$500,000.

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

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

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

Premiums are paid to the fund by the County for employees and by the employee for dependents. A total of \$3,029,820 in claims was incurred for benefits during the year ended June 30, 2020. Changes in the fund's claims liability amount were as follows:

	Year Ended June 30		
	2020	2019	2018
Unpaid claims, beginning of year	\$ 609,850	\$ 721,984	\$ 613,530
Incurred claims (including Incurred But Not Reported)	3,029,820	4,292,702	4,791,933
Claim payments	(2,906,218)	(4,404,836)	(4,683,479)
Unpaid claims, end of year	\$ 733,452	\$ 609,850	\$ 721,984

**6. Contingent Liabilities**

At June 30, 2020, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations**

***a. Operating Lease***

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

The County is obligated under a twenty-four (24) month operating lease to make monthly payments of approximately \$2,858 expiring April 2022. Lease expenditures for the fiscal year ended June 30, 2020 totaled \$5,716.76.

***b. General Obligation Indebtedness***

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

***c. Water Bonds***

The Water Districts (blended component units of the County) issued GO debt, the proceeds of which were used to refund existing District debt. The County then issued Limited Obligation Bonds in an amount sufficient to purchase all of the Districts' GO debt. The Districts and the County assign their rights to a third-party trustee that receives the debt payments from the Districts and uses those funds to make debt service payments on the Limited Obligation Bonds. The remaining GO debt of \$8,008,000 issued by the Districts and held by the County are intrafund balances, which have been eliminated during the consolidation process and are not reflected in the final debt balances of the Water Districts Fund.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

The County's general obligation bonds payable at June 30, 2020 are comprised of the following individual issues:

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

\$3,430,000 2010 School bonds - March 9, 2010: due in annual principal payments of \$170,000 to \$175,000 and semi-annual interest payments at 3.00% to 4.25%; payable April 1 and October 1	\$ 1,700,000
\$5,171,000 Refunding School bonds - June 2015; due in annual principal payments of \$85,000 to \$542,000 and semi-annual interest payments at 1.92%; payable August 1 and February 1	2,960,000
	4,660,000

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

\$3,615,000 Series 2013 General Obligation bonds; due in annual installments of \$51,000 to \$159,000 (beginning 2016); plus interest at 3.25% through June 2053	3,348,000
Total general obligation bonds	\$ 8,008,000

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

General Obligation Bonds Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 683,000	\$ 121,432	\$ 58,000	\$ 108,810
2022	675,000	105,632	60,000	106,925
2023	667,000	89,987	62,000	104,975
2024	658,000	74,494	64,000	102,960
2025	648,000	59,174	66,000	100,880
2026-2030	1,329,000	113,322	364,000	470,828
2031-2035	-	-	427,000	407,648
2036-2040	-	-	501,000	333,613
2041-2045	-	-	588,000	246,708
2046-2050	-	-	690,000	144,755
2051-2054	-	-	468,000	30,648
Total	\$ 4,660,000	\$ 564,041	\$ 3,348,000	\$ 2,158,750

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

As June 30, 2020, Edgecombe County Water and Sewer District No. 4 had bonds authorized but unissued of \$885,000. The County also had a note payable of \$215,000 that is authorized but unissued.

**d. Limited Obligation Bonds**

On May 1, 2013, the County Water Districts issued individual refunding bonds in the amount of \$19,255,000 for each of the Water Revenue bonds being refinanced. The County then issued Limited Obligation Bonds (LOBS) to purchase these bonds, as well as to refinance several Installment Purchase Contracts. The County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service payments are due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments between 2% and 5% over the life of the term. As of June 30, 2020, the balance of the Limited Obligation Bonds was \$12,630,000.

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

The County's limited obligation bonds payable at June 30, 2020 are comprised of the following:

Limited obligation bond payable:

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

Serviced by the General Fund	\$ 4,546,800
Serviced by the Water and Sewer Fund	8,083,200
<hr/>	
Total limited obligation bonds	\$ 12,630,000
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The County's legal debt margin was \$222,441,239 at June 30, 2020.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

**d. Limited Obligation Bonds (continued)**

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 340,200	\$ 189,558	\$ 604,800	\$ 336,992
2022	343,800	175,950	611,200	312,800
2023	347,400	162,198	617,600	288,352
2024	360,000	148,302	640,000	263,648
2025	363,600	130,302	646,400	231,648
2026-2030	804,600	493,704	1,430,400	877,696
2031-2035	847,800	326,826	1,507,200	581,024
2036-2040	801,000	155,655	1,424,000	276,720
2041-2044	338,400	25,128	601,600	44,672
<b>Total</b>	<b>\$ 4,546,800</b>	<b>\$ 1,807,623</b>	<b>\$ 8,083,200</b>	<b>\$ 3,213,552</b>

**e. Revenue Bonds**

In December 2011, the County issued \$638,000 of Water & Sewer Revenue Bonds to finance sewer lines for Water and Sewer District No. 5. The interest on the bonds at 3% is payable annually on June 1. The revenue bonds, which mature through June 1, 2051, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bond is \$568,000.

On December 15, 2015, the County issued \$675,000 and \$105,000 of Water & Sewer Revenue Bonds (Series 2015A and 2015B) to finance water lines for Water and Sewer District No. 5. The interest on the bonds at 2% is payable annually on June 1. The revenue bonds, which mature through June 1, 2055, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bonds is \$638,000 and \$99,000, respectively.

On March 1, 2017, the County issued \$393,000 of Water & Sewer Revenue Bonds (Series 2017) to finance water lines for Water and Sewer District No. 5. The interest on the bonds at 2% is payable annually on June 1. The revenue bonds, which mature through June 1, 2056, are reported on the Edgecombe Water and Sewer District No. 5 financial statements because the principal and interest on the bonds are payable from the net revenues of the system. The total principal remaining to be paid on the bonds is \$379,000.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***e. Revenue Bonds (continued)***

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

The County has pledged future water and sewer customer revenues of Water District No. 5, net of specified operating expenses, to repay \$638,000 in water and sewer system revenue bonds issued in December 2011, \$780,000 in water and sewer system revenue bonds issued in December 2015, and \$393,000 in water and sewer system revenue bonds issued in March 2017. Proceeds from the bonds provided financing for the water and sewer lines for Water and Sewer District No. 5. The bonds are payable solely from water and sewer customer net revenues of the District and are payable through 2055. Annual principal and interest payments on the bonds are expected to require less than 25% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,684,000. Principal and interest paid for the current year and total customer net revenues were \$33,000 and \$40,130, respectively.

The County is not in compliance with bond covenants. The bond orders require the net revenue for each fiscal year be no less than 110% of the revenue bond debt service requirements and no less than 100% of the debt service requirements of any general obligation bonds and installment financing obligations of the District. The debt service coverage ratio for the year ended June 30, 2020 is as follows:

**Water District No. 5**

Revenues	\$	842,057
Operating expenses *		569,191
<b>Net revenues</b>	<b>\$</b>	<b>272,866</b>
Debt service, principal and interest paid (Revenue bonds only)	\$	73,130
Debt service coverage ratio		373%
Debt service, principal and interest paid (GO bonds and installment financing)	\$	336,503
Debt service coverage ratio		81%

\* Per rate covenants, this does not include the depreciation expense of \$565,340.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

*e. Revenue Bonds (continued)*

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 33,000	\$ 39,360
2022	34,000	38,590
2023	35,000	37,790
2024	36,000	36,970
2025	37,000	36,130
2026-2030	195,000	167,340
2031-2035	221,000	143,150
2036-2040	250,000	115,540
2041-2045	278,000	84,520
2046-2050	313,000	49,650
2051-2055	236,000	15,080
2056	16,000	320
<b>Total</b>	<b>\$ 1,684,000</b>	<b>\$ 764,440</b>



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***f. Installment Purchases***

As authorized by state law [G.S. 160A-20 and 153A-158.1], the County has financed various property acquisitions and improvements by installment purchase. The County's installment purchase agreements at June 30, 2020 are comprised of the following individual notes:

Serviced by the County's General Fund:

\$21,535,000 direct placement installment agreement secured by land and improvements at the Kingsboro Industrial Park - April 12, 2018 due in semi-annual principal and interest payments of various amounts through February 1, 2033; interest at 3.09% on initial advance of \$14,535,000 and 3.27% on additional advance of 7,000,000; payable August 1	\$ 18,507,000
\$121,750 direct placement installment agreement secured by a storage facility; due in annual principal and interest payments of \$7,366 through September 2038; interest at 4.375%; payable September 14	96,834
\$6,980,250 direct placement installment agreement, 2015; due in annual principal and interest payments of \$441,000 to \$746,500 through 2027 plus interest at 4.82%	4,548,000
\$600,000 line of credit treated as an asset purchase installment agreement; secured by police vehicles; May 25, 2018: due in annual principal payments of \$120,000 plus interest at 2.85%; payable December 1	344,693
\$1,686,125 asset purchase seller financed installment agreement payable secured by land at the Kingsboro Industrial Park on June 13, 2022, no stated interest	1,686,125
<b>Total installment purchases</b>	<b>\$ 25,182,652</b>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 2,194,380	\$ 795,808
2022	3,909,141	716,722
2023	2,238,602	636,229
2024	2,165,308	554,664
2025	2,198,215	474,533
2026-2030	8,467,405	1,335,410
2031-2035	3,977,206	259,829
2036-2040	32,395	4,435
<b>Total</b>	<b>\$ 25,182,652</b>	<b>\$ 4,777,630</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***g. Notes Payable***

The County's notes payable at June 30, 2020 are comprised of the following individual notes:

Serviced by the County's Water Districts:

Water District No. 1 - \$429,151 direct placement financing through NCDEQ Drinking Water Revolving Loan program for water system improvements; due in annual installments of \$17,174 through May 2035; no stated interest rate	\$	257,609
Water District No. 1 - \$429,151 direct placement financing through NCDEQ Drinking Water Revolving Loan program for water system improvements; due in annual installments of \$17,174 through May 2035; no stated interest rate		779,766
Water District No 6 - \$144,432 direct placement financing through NCDEQ Drinking Water Revolving Loan program for water system improvements; due in annual installments of \$7,197 through May 2031; no stated interest rate		79,166
<hr/>		
Total water districts notes payable		1,116,541

Serviced by the County's Solid Waste Fund:

\$700,000 Edgecombe Martin Electric Membership Corporation; due in monthly principal payments of \$6,480; no interest; payable the 1st of each month through November 2022		110,320
<hr/>		
Total business-type activities notes payable		1,226,861
<hr/>		
Total notes payable	\$	1,226,861

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***g. Notes Payable (continued)***

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

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 150,867	\$ -
2022	-	-	105,666	-
2023	-	-	73,106	-
2024	-	-	73,106	-
2025	-	-	73,106	-
2026-2030	-	-	365,531	-
2031-2035	-	-	336,744	-
2036	-	-	48,735	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,226,861</b>	<b>\$ -</b>

***h. Debt Related to Capital Activities***

Of the total governmental activities debt list, \$97,756 relates to assets to which the County does not hold title.

***i. Long-Term Obligation Activity***

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2020:

<b>Governmental Activities</b>	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
General obligation debt	\$ 5,351,000	\$ -	\$ (691,000)	\$ 4,660,000	\$ 683,000
Notes payable, direct borrowings	216,297	-	(216,297)	-	-
Installment purchases, direct borrowings	27,366,902	-	(2,184,250)	25,182,652	2,194,380
Limited obligation debt	4,878,000	-	(331,200)	4,546,800	340,200
Premium on debt	170,644	-	(42,661)	127,983	-
Compensated absences	1,219,230	566,526	(262,240)	1,523,516	-
Net pension liability (LGERS)	5,305,676	9,438,454	(8,968,213)	5,775,917	-
Total pension liability (LEOSSA)	1,627,102	216,366	(113,950)	1,729,518	-
Total OPEB liability	7,906,924	761,204	(1,752,218)	6,915,910	-
<b>Total governmental activities</b>	<b>\$ 54,041,775</b>	<b>\$ 10,982,550</b>	<b>\$ (14,562,029)</b>	<b>\$ 50,462,296</b>	<b>\$ 3,217,580</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***i. Long-Term Obligation Activity (continued)***

<b>Business-Type Activities:</b>				Current	
<b>Water and Sewer Districts</b>	Beginning			Ending	Portion of
	Balances	Increases	Decreases	Balances	Balance
General obligation debt	\$ 3,404,000	\$ -	\$ (56,000)	\$ 3,348,000	\$ 58,000
Notes payable, direct borrowings	1,189,647	-	(73,106)	1,116,541	73,106
Limited obligation debt	8,672,000	-	(588,800)	8,083,200	604,800
Revenue bonds	1,717,000	-	(33,000)	1,684,000	33,000
Premium on debt	595,896	-	(27,086)	568,810	-
Compensated absences	42,651	8,257	(7,244)	43,664	-
Net pension liability (LGERS)	135,465	247,687	(231,578)	151,574	-
Total OPEB liability	196,683	19,976	(40,007)	176,652	-
<b>Total water and sewer districts</b>	<b>\$ 15,953,342</b>	<b>\$ 275,920</b>	<b>\$ (1,056,821)</b>	<b>\$ 15,172,441</b>	<b>\$ 768,906</b>
<b>Solid Waste Fund</b>					
Notes payable, direct borrowings	\$ 188,080	\$ -	\$ (77,760)	\$ 110,320	\$ 77,760
Accrued landfill closure and post-closure care costs	4,753,765	196,451	-	4,950,216	-
Compensated absences	21,252	3,710	(3,552)	21,410	-
Net pension liability (LGERS)	86,179	157,491	(147,292)	96,378	-
Total OPEB liability	273,186	12,702	(33,927)	251,961	-
<b>Total solid waste fund</b>	<b>5,322,462</b>	<b>370,354</b>	<b>(262,531)</b>	<b>5,430,285</b>	<b>77,760</b>
<b>Total business-type activities</b>	<b>\$ 21,275,804</b>	<b>\$ 646,274</b>	<b>\$ (1,319,352)</b>	<b>\$ 20,602,726</b>	<b>\$ 846,666</b>

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.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

***i. Long-Term Obligation Activity (continued)***

The following is a summary of changes in the Edgecombe County ABC Board's long-term obligations for the year ended June 30, 2020:

<b>Edgecombe County ABC Board</b>	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion of Balance
Net pension liability (LGERS)	\$ 79,236	\$ 28,362	\$ -	\$ 107,598	\$ -
Compensated absences	26,002	19,820	(8,555)	37,267	-
<b>Total governmental activities</b>	<b>\$ 105,238</b>	<b>\$ 48,182</b>	<b>\$ (8,555)</b>	<b>\$ 144,865</b>	<b>\$ -</b>

**j. Conduit Debt Obligations**

Edgecombe County Industrial Facility and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were one series of industrial revenue bonds outstanding. The Company for whom they were issued is in bankruptcy, and the unpaid balance is at June 30, 2020 could not be determined.

**C. Interfund Balances and Activity**

Transfers to/from other funds during the year ended June 30, 2020, consist of the following:

Transfer Out	Transfer In	Amount
General Fund	Department of Social Services Fund	\$ 4,698,239
General Fund	Health Department Fund	1,617,379
General Fund	Revaluation Fund	427,000
General Fund	Industrial Park Fund	291,984
Water and Sewer Capital Project Fund	Water and Sewer Operations Fund	1,262,210
<b>Total interfund transfers</b>		<b>\$ 8,296,812</b>

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (continued)**

**C. Interfund Balances and Activity (continued)**

*Interfund Transfers:*

Transfers to the Department of Social Services and Health Departments represent the County's match and supplemental funding for departmental activities mandated by federal and state regulations. Transfers to the Revaluation Fund are the annual accumulation of funds to pay for the next property revaluation. Transfers to the Industry Park Fund are to fund construction expenditures for economic development in Kingsboro. Transfers to the Water and Sewer Operations Fund cover construction expenses for water and sewer projects.

Due To / Receivable Fund	Due From / Payable Fund	Balance
General Fund	Water and Sewer Capital Project Fund	\$ 481,462
General Fund	Health Department	44,932
General Fund	Economic Development Fund	336,234
General Fund	Community Development Block Grant	528,254
General Fund	Hazard Mitigation Grant Program	151,022
General Fund	Schools Capital Project Fund	187,078
<b>Total due to/from other funds</b>		<b>\$ 1,728,982</b>

*Interfund Balances:*

Amounts due to the General Fund from the Water and Sewer Capital Project Fund, Community Development Block Grant Fund, Economic Development Fund, Hazard Mitigation Grant Program Fund, and Schools Capital Projects Funds account for construction project costs awaiting reimbursement by grant or other funds. Amounts due to the General Fund from the Health Department represent amounts due to the central depository for operations of the Health Department.

Administrative reimbursements represent payments to the General fund for services provided or expenses paid for the Department of Social Services. Administrative Reimbursements to/from other funds during the year ended June 30, 2020, consist of the following:

Paid To	Paid From	Amount
General Fund - DSS	Department of Social Services Fund	\$ 213,089

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**Note 3: DETAIL NOTES ON ALL FUNDS (Continued)**

**D. Fund Balance**

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County pools monies from several funds to better facilitate cash receipts and disbursements. These balances are the residual amounts owed at June 30, 2020.

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

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

Total fund balance - General Fund	\$ 23,280,053
Less:	
Stabilization by state statute	5,767,561
Tax revaluation and mapping	910,068
Schools	157,680
Appropriated Fund Balance in 2021 Budget	8,294,523
<hr/>	
Remaining fund balance	\$ 8,150,221
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Edgecombe County had adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that unassigned fund balance is at least equal to or greater than 15% of General Fund expenditures, with a target of 20% of General Fund expenditures.

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

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

<i>June 30,</i>	<i>2020</i>
<hr/>	
Encumbrances:	
General fund	\$ 4,144

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

#### E. Joint Ventures

The County, in conjunction with the Town of Tarboro, participates in the Tarboro-Edgecombe Airport Authority. Each participating government appoints three members to the six-member Board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$5,875 for operations and \$8,334 for capital outlay to the Airport during the fiscal year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2020. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at the Town of Tarboro, PO Box 220, Tarboro, North Carolina 27886.

The County, in conjunction with the City of Rocky Mount, City of Wilson, Wilson County, and Nash County, participates in a joint venture to operate the Rocky Mount/Wilson Airport Authority (Authority). Each participating government appoints members to the seven-member Board of Commissioners of the Authority. The County appoints one of the seven Board members. The Airport is a joint venture established to facilitate economic expansion within the Counties and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the other governments are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$47,857 for operations and \$146,643 for capital outlay to the Airport during the fiscal year ended June 30, 2020.

The participants in the joint venture have an equity interest in the Authority's real property; therefore, an equity interest of \$3,810,924 has been reported in the governmental activities in the County's basic financial statements at June 30, 2020. The investment in the joint venture is based upon the audited financial statements of the Airport Authority as of June 30, 2020. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7265 Air Terminal Drive, Elm City, North Carolina 27822-9477.



## Edgecombe County, North Carolina Notes to Financial Statements

### Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

#### E. Joint Ventures (Continued)

The County also participates in a joint venture to operate the Edgecombe Memorial Library and Braswell Memorial Library along with local municipalities. The County Board of Commissioners appoints three board members to the six-member Boards of the Libraries. The County has an ongoing financial responsibility for the joint venture because the Libraries' continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Libraries, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$376,600 to the Edgecombe Memorial Library and \$191,829 for operations to the Braswell Memorial Library to supplement its activities. Complete financial statements for the Libraries can be obtained from the Library's offices at 909 Main Street Tarboro, North Carolina 27886 and 727 N. Grace Street, Rocky Mount, North Carolina, respectively.

The County participates in a joint venture with the Town of Tarboro to operate the Edgecombe County Cultural Arts Council, Inc. The County appoints thirteen of the nineteen Board members to the Board of the Arts Council. Neither participating government has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2020. No contributions were made to the Arts Council during the year ended June 30, 2020. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

#### F. Joint Governed Organizations

The County, in conjunction with Nash County, the Town of Tarboro, the City of Rocky Mount and other local governments and non-profit organizations, established the Carolinas Gateway Partnership, Inc. to promote economic development in Nash and Edgecombe Counties. The partnership's by-laws state that private sector funds are matched on an equal basis by public partners. For the fiscal year ended June 30, 2020, the County contributed \$260,000 to support the partnership.

The County participates with the City of Rocky Mount and Nash County to operate the Down East Home Consortium (DEHC). The agreement commenced on June 30, 1996, and covered three consecutive fiscal years. After the initial period, the members of the DEHC chose to continue as a consortium and must notify HUD when it has dissolved. The participating governments mutually agree that Rocky Mount shall act as the lead entity. Each of the entities appoints one member of the three-member DEHC Home Coordinating committee. Each participating government shall receive a percentage of the home funds based on a proration of the population. Each participating government shall be responsible for providing matching funds required by federal regulations for any home funds allocated and accepted for use by that government. For the fiscal year ended June 30, 2020, the County made no contributions to DEHC.

## Edgecombe County, North Carolina Notes to Financial Statements

### Note 3: DETAIL NOTES ON ALL FUNDS (Continued)

#### F. Joint Governed Organizations (Continued)

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

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

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

#### G. Summary Disclosure of Significant Commitments and Contingencies

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

#### H. Special Item - Hurricane Matthew

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

## Edgecombe County, North Carolina Notes to Financial Statements

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

#### H. Special Item - Hurricane Matthew (Continued)

The estimated decrease in real property values within the county resulting from flooding is \$10 million. As of the date of these financial statements, 46 properties were approved and offered a buyout through the FEMA-HMGP program, and 27 accepted the offers and were acquired. If these homes are abandoned as a result of the buyout program, the tax value of the homes will be adjusted to zero.

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

#### I. Tax Abatements

The County negotiates tax abatements agreements on an individual basis. The County has tax abatement agreements with four entities as of June 30, 2020:

- A property tax abatement of 60% of collections with a local industrial incubator facility. The agreement is not to exceed an amount of \$75,000 through 2020. No payments were made during the fiscal year ended June 30, 2020.
- A property tax abatement of 50% of increased property tax collections received by the County from 2011 to 2016 from a local energy provider. The agreement provided for an investment in the County of \$10,000,000 and an increase in ad valorem tax value of \$3,190,201. No payments were made during the fiscal year ended June 30, 2020.
- A property tax abatement ranging from 90% to 75% of increased ad-valorem taxes received by the County for years 2021 to 2043 from Triangle Tyre USA. The agreement provides for an investment in the County of \$174,149,200 in building and \$405,702,800 in equipment by Triangle Tyre USA within 5 years. The County will also provide 400 acres of land and infrastructure to the new industrial site. If Triangle Tyre USA does not perform its obligation under the agreement, the company will reimburse the County \$20,000 per acre for the land donated by the County or give the land and any improvements back to the County.
- A property tax abatement of 40% of increased ad-valorem taxes received by the County for years 2020 to 2029 from Corning Incorporated. Corning agrees to invest \$86,000,000 in the County and create 111 new jobs with 5 years. The County will donate 150 acres of land for this industrial site. If Corning Incorporated does not perform its obligation under the agreement, the company will reimburse the County \$15,000 per acre for the land donated by the County or give the land and any improvements back to the County.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Accounting Pronouncements**

***GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance***

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.
- The effective dates of the following pronouncements are postponed by 18 months:
  - Statement No. 87, Leases
  - Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued. The requirements of this Statement are effective immediately.

## Edgecombe County, North Carolina Notes to Financial Statements

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

#### J. Accounting Pronouncements (Continued)

##### ***GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32***

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements.

##### ***GASB Statement No. 96, Subscription-Based Information Technology Arrangements***

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Accounting Pronouncements (Continued)**

implementation stage incurred prior to the implementation of this Statement. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements.

***GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements.

***GASB Statement No. 93, Replacement of Interbank Offered Rates***

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Accounting Pronouncements (Continued)**

variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95,

*Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Accounting Pronouncements (Continued)**

***GASB Statement No. 92, Omnibus 2020***

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.



**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**J. Accounting Pronouncements (Continued)**

- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

***J. Accounting Pronouncements (Continued)***

Earlier application is encouraged and is permitted by topic. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

***GASB Statement No. 91, Conduit Debt Obligations***

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

***GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

## Edgecombe County, North Carolina Notes to Financial Statements

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

#### J. Accounting Pronouncements (Continued)

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

#### ***GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period***

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

#### ***GASB Statement No. 87, Leases***

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required

## Edgecombe County, North Carolina Notes to Financial Statements

### NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

#### J. Accounting Pronouncements (Continued)

to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been postponed by 18 months.

#### ***GASB Statement No. 84, Fiduciary Activities***

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

#### ***GASB Statement No. 83, Certain Asset Retirement Obligations***

In November 2016, the GASB issued GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is currently reviewing this statement to determine the effect on the Authority's financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

#### K. Prior Period Adjustment

The County has recorded prior period adjustments to correct opening cash balances, sale tax accruals in the general fund, and construction in progress for the Kingsboro Industrial Park project. The net effect of these adjustments on fund balances totaled \$773,866.

**Edgecombe County, North Carolina**  
**Notes to Financial Statements**

**NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)**

**L. Risks and Uncertainties**

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

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

# **REQUIRED SUPPLEMENTARY INFORMATION**

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

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**Law Enforcement Officers' Special Separation Allowance:**

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

**Other Postemployment Benefits:**

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

**Local Government Employees' Retirement System:**

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

**Register of Deeds: Supplemental Pension Fund**

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

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

Schedule of Changes in Total Pension Liability	2020	2019	2018	2017
Beginning balance	\$ 1,627,102	\$ 1,725,677	\$ 1,638,464	\$ 1,655,263
Service Cost	69,576	76,318	67,213	67,329
Interest on the total pension liability	57,153	52,767	60,987	57,234
Change of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	39,239	(52,745)	(28,801)	-
Changes of assumption or other inputs	50,398	(63,239)	104,813	(37,199)
Benefit payments	(113,950)	(111,676)	(116,999)	(104,163)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,729,518</u>	<u>\$ 1,627,102</u>	<u>\$ 1,725,677</u>	<u>\$ 1,638,464</u>

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll	2020	2019	2019	2019
Total pension liability	\$ 1,729,518	\$ 1,627,102	\$ 1,725,677	\$ 1,638,464
County's covered payroll	\$ 2,297,835	\$ 2,305,871	\$ 2,393,115	\$ 2,374,261
Total pension liability as a percentage of covered payroll	75.27%	70.56%	72.11%	69.01%

Notes to the Schedules:

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

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

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

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 325,018	\$ 337,858	\$ 368,506
Interest	318,379	297,467	260,129
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(1,437,960)	(99,801)	123,159
Changes of assumptions	150,483	(263,221)	(450,724)
Benefit payments	(388,190)	(498,222)	(676,037)
<b>Net change in total OPEB liability</b>	<b>(1,032,270)</b>	<b>(225,919)</b>	<b>(374,967)</b>
<b>Total OPEB liability - beginning</b>	<b>8,376,793</b>	<b>8,602,712</b>	<b>8,977,680</b>
<b>Total OPEB liability - ending</b>	<b>\$ 7,344,523</b>	<b>\$ 8,376,793</b>	<b>\$ 8,602,713</b>
<b>Covered employee payroll</b>	<b>\$ 12,627,699</b>	<b>\$ 14,557,442</b>	<b>\$ 14,557,442</b>
<b>County's total OPEB liability as a percentage of covered payroll</b>	<b>58.16%</b>	<b>57.54%</b>	<b>59.09%</b>

Notes to the Schedules:

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

*Benefit changes.* There were no changes of benefit terms for the year ended June 30, 2020.

*Changes of Assumptions.* The discount rate as of June 30, 2019 was 3.89% and it decreased to 3.50% as of June 30, 2020.

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



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

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.22508%	0.23299%	0.25243%	0.25331%	0.24084%	0.25936%	0.26860%
County's proportionate share of the net pension liability (asset) \$	\$ 6,023,868	\$ 5,527,320	\$ 3,856,431	\$ 5,376,087	\$ 1,080,875	\$ (1,529,566)	\$ 3,237,661
County's covered payroll	\$ 15,679,786	\$ 15,764,477	\$ 15,473,849	\$ 14,807,316	\$ 16,495,575	\$ 14,663,525	15151913
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.42%	35.06%	24.92%	36.31%	6.55%	-10.43%	21.37%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	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.

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

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,428,261	\$ 1,210,708	\$ 1,204,941	\$ 1,160,401	\$ 1,042,467	\$ 1,043,277	\$ 1,075,651
Contributions in relation to the contractually required contribution	1,428,261	1,210,708	1,204,941	1,160,401	1,042,467	1,043,277	1,075,651
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 15,765,642	\$ 15,679,786	\$ 15,764,477	\$ 15,473,849	\$ 14,807,316	\$ 16,495,575	\$ 14,663,525
Contributions as a percentage of covered payroll	9.059%	7.721%	7.643%	7.499%	7.040%	6.325%	7.336%

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

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

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.32490%	0.36396%	0.31862%	0.34244%	0.35536%	0.34833%	0.33421%
County's proportionate share of the net pension liability (asset) \$	\$ (64,142)	\$ (60,281)	\$ (54,385)	\$ (64,023)	\$ (82,351)	\$ (78,961)	\$ (71,387)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	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.

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

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

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,678	\$ 3,644	\$ 3,115	\$ 3,304	\$ 2,798	\$ 2,844	\$ 2,844
Contributions in relation to the contractually required contribution	\$ 2,678	\$ 3,644	\$ 3,115	\$ 3,304	\$ 2,798	\$ 2,844	\$ 2,844
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

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**Edgecombe County, North Carolina**  
**General Fund**  
**Combining Balance Sheet**  
**June 30, 2020**  
**Exhibit B-1**

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Health Insurance Fund	Revaluation Fund	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 15,398,708	\$ -	4,838,630	\$ -	\$ 173,303	\$ -	\$ 20,410,641
Restricted cash and cash equivalents	91,398	-	-	157,680	-	910,068	1,159,146
Taxes receivable, net	4,255,269	-	-	-	-	-	4,255,269
Receivables, net	120,369	883	184	-	-	-	121,436
Due from other funds	1,728,982	-	-	-	-	-	1,728,982
Due from other governments	2,557,528	128,424	1,065,062	126,609	-	-	3,877,623
Due from component unit	145,355	-	-	-	-	-	145,355
<b>Total assets</b>	<b>\$ 24,297,609</b>	<b>\$ 129,307</b>	<b>\$ 5,903,876</b>	<b>\$ 284,289</b>	<b>\$ 173,303</b>	<b>\$ 910,068</b>	<b>\$ 31,698,452</b>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 757,569	\$ 230,165	488,206	\$ -	\$ 741,725	\$ -	\$ 2,217,665
Unspent grant revenues	1,087,466	-	-	-	-	-	1,087,466
Due to other funds	-	44,932	-	-	-	-	44,932
Due to other governments	486,116	-	-	-	-	-	486,116
Due to component unit	29,863	-	-	-	-	-	29,863
<b>Total liabilities</b>	<b>2,361,014</b>	<b>275,097</b>	<b>488,206</b>	<b>-</b>	<b>741,725</b>	<b>-</b>	<b>3,866,042</b>
<b>Deferred Inflows of Resources</b>	<b>4,552,357</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,552,357</b>
<b>Fund Balances</b>							
Restricted							
Restricted by state statute	4,447,281	128,424	1,065,247	126,609	-	-	5,767,561
Restricted for schools	-	-	-	157,680	-	-	157,680
Committed							
Committed for tax revaluation and mapping	-	-	-	-	-	910,068	910,068
Assigned for subsequent year's expenditures	8,294,523	-	-	-	-	-	8,294,523
Unassigned	4,642,434	(274,214)	4,350,423	-	(568,422)	-	8,150,221
<b>Total fund balances</b>	<b>17,384,238</b>	<b>(145,790)</b>	<b>5,415,670</b>	<b>284,289</b>	<b>(568,422)</b>	<b>910,068</b>	<b>23,280,053</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,297,609</b>	<b>\$ 129,307</b>	<b>\$ 5,903,876</b>	<b>\$ 284,289</b>	<b>\$ 173,303</b>	<b>\$ 910,068</b>	<b>\$ 31,698,452</b>



Edgecombe County, North Carolina  
General Fund

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**  
**Exhibit B-2**

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Employee Health Insurance Fund	Revaluation Fund	Total
<b>Revenues</b>							
Ad valorem taxes	\$ 30,890,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,890,115
Local option sales taxes	8,516,219	-	-	803,171	-	-	9,319,390
Other taxes and licenses	150,592	-	-	-	-	-	150,592
Unrestricted intergovernmental	470,621	-	-	-	-	-	470,621
Restricted intergovernmental	3,507,946	4,134,116	7,945,300	-	-	-	15,587,362
Permits and fees	974,400	50,738	-	-	-	-	1,025,138
Sales and services	1,853,188	293,061	13,347	-	-	-	2,159,596
Investment earnings	329,712	98,737	-	62,333	-	-	490,782
Miscellaneous	737,732	174,337	-	-	-	-	912,069
<b>Total revenues</b>	<b>47,430,525</b>	<b>4,750,989</b>	<b>7,958,647</b>	<b>865,504</b>	<b>-</b>	<b>-</b>	<b>61,005,665</b>
<b>Expenditures</b>							
General government	7,063,298	-	-	-	381,452	-	7,444,750
Public safety	13,076,224	-	-	-	-	-	13,076,224
Transportation	208,709	-	-	-	-	-	208,709
Economic and physical development	2,129,234	-	-	-	-	-	2,129,234
Human services	470,141	5,269,170	11,416,553	-	-	-	17,155,864
Cultural and recreational	606,839	-	-	-	-	-	606,839
Environmental protection	80,264	-	-	-	-	-	80,264
Education	14,272,284	-	-	-	-	-	14,272,284
Debt Service							
Principal retirement	2,633,991	-	-	691,000	-	-	3,324,991
Interest and fees	1,080,888	-	-	137,332	-	-	1,218,220
<b>Total expenditures</b>	<b>41,621,872</b>	<b>5,269,170</b>	<b>11,416,553</b>	<b>828,332</b>	<b>381,452</b>	<b>-</b>	<b>59,517,379</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,808,653</b>	<b>(518,181)</b>	<b>(3,457,906)</b>	<b>37,172</b>	<b>(381,452)</b>	<b>-</b>	<b>1,488,286</b>

Edgecombe County, North Carolina  
**General Fund**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**  
**Exhibit B-2**

	General Fund	Health Department	Department of Social Services	Debt Service Fund	Employee Health Insurance Fund	Revaluation Fund	Total
<b>Other financing sources (uses)</b>							
Transfers from other funds	\$ -	\$ 1,617,379	\$ 4,698,239	\$ -	\$ -	\$ 427,000	\$ 6,742,618
Transfers to other funds	(7,034,602)	-	-	-	-	-	(7,034,602)
Proceeds of long-term debt	-	-	-	-	-	-	-
Proceeds from sale of capital assets	5,737	-	-	-	-	-	5,737
<b>Total other financing sources (uses)</b>	<b>(7,028,865)</b>	<b>1,617,379</b>	<b>4,698,239</b>	<b>-</b>	<b>-</b>	<b>427,000</b>	<b>(286,247)</b>
Net change in fund balance	(1,220,212)	1,099,198	1,240,333	37,172	(381,452)	427,000	1,202,039
Fund balances, beginning of year, as previously reported	17,826,909	(1,244,988)	4,175,337	247,117	(183,295)	483,068	21,304,148
Prior period adjustment	777,541	-	-	-	(3,675)	-	773,866
Fund balance, beginning of year, as adjusted	18,604,450	(1,244,988)	4,175,337	247,117	(186,970)	483,068	22,078,014
Fund balances, end of year	\$ 17,384,238	\$ (145,790)	\$ 5,415,670	\$ 284,289	\$ (568,422)	\$ 910,068	\$ 23,280,053

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Ad Valorem Taxes:			
Taxes	\$ 30,210,000	\$ 30,328,016	\$ 118,016
Penalties and interest	370,000	562,099	192,099
<b>Total</b>	<b>30,580,000</b>	<b>30,890,115</b>	<b>310,115</b>
Local Option Sales Taxes:			
Article 39	980,000	3,019,157	2,039,157
Article 40 one-half of one percent	2,502,960	2,677,235	174,275
Article 42 one-half of one percent	500,000	879,765	379,765
Article 44	950,000	1,190,695	240,695
Article 46 one-quarter of one percent	800,000	1,552,538	752,538
<b>Total</b>	<b>5,732,960</b>	<b>9,319,390</b>	<b>3,586,430</b>
Other Taxes and Licenses:			
Franchise Tax	45,000	41,369	(3,631)
Animal tax	10,000	7,708	(2,292)
Privilege licenses	1,000	2,700	1,700
Gross receipts tax	6,000	8,276	2,276
Occupancy tax	85,000	90,539	5,539
<b>Total</b>	<b>147,000</b>	<b>150,592</b>	<b>3,592</b>
Unrestricted Intergovernmental:			
NC Department of Motor Vehicles	110,400	117,694	7,294
ABC profit distribution	100,000	259,891	159,891
Beer and wine tax	95,000	93,036	(1,964)
<b>Total</b>	<b>305,400</b>	<b>470,621</b>	<b>165,221</b>
Restricted Intergovernmental:			
Federal and State grants	20,112,611	3,031,932	(17,080,679)
FEMA hazard mitigation grant	817,759	(4,000)	(821,759)
FEMA reimbursement	883,759	480,014	(403,745)
Health Department	4,034,347	4,134,116	99,769
Department of Social Services	9,646,500	7,945,300	(1,701,200)
<b>Total</b>	<b>35,494,976</b>	<b>15,587,362</b>	<b>(19,907,614)</b>

**Edgecombe County, North Carolina**

**General Fund**

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

**For the Year Ended June 30, 2020**

**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
<b>Permits and Fees:</b>			
Building and zoning permits	78,700	300,201	221,501
Election fees	11,000	49,177	38,177
Animal control fees	3,000	3,035	35
Health department fees	46,563	50,738	4,175
Legal fee reimbursement	18,000	32,424	14,424
Sheriff, jail, and other law enforcement fees	209,500	227,432	17,932
Register of deeds fees	300,000	362,131	62,131
<b>Total</b>	<b>666,763</b>	<b>1,025,138</b>	<b>358,375</b>
<b>Sales and Services:</b>			
Health department fees	442,102	293,061	(149,041)
Social services fees	10,100	13,347	3,247
Notary fees	35,000	30,060	(4,940)
Inmate housing fees	1,000,000	1,224,386	224,386
Jail canteen and concession sales	52,800	66,470	13,670
Rental income	181,000	166,242	(14,758)
Sale of timber	-	273,140	273,140
School resource officer income	72,606	77,332	4,726
Other fees and services	-	15,558	15,558
<b>Total</b>	<b>1,793,608</b>	<b>2,159,596</b>	<b>365,988</b>
<b>Investment Earnings</b>	<b>50,000</b>	<b>490,782</b>	<b>440,782</b>
<b>Miscellaneous:</b>			
Donations	155,775	147,371	(8,404)
Medicaid	200,000	-	(200,000)
Miscellaneous revenues	97,400	643,144	545,744
Insurance claims	58,109	121,554	63,445
<b>Total</b>	<b>511,284</b>	<b>912,069</b>	<b>400,785</b>
<b>Total revenues</b>	<b>75,281,991</b>	<b>61,005,665</b>	<b>(14,276,326)</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

**Expenditures**

**General Government:**

Governing Body:

Salaries and employee benefits	119,245		
Other operating expenditures	97,362		

<b>Total</b>	<b>224,109</b>	<b>216,607</b>	<b>7,502</b>
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County Administration:

Salaries and employee benefits	472,213		
Other operating expenditures	189,474		

<b>Total</b>	<b>705,625</b>	<b>661,687</b>	<b>43,938</b>
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Finance:

Salaries and employee benefits	407,297		
Other operating expenditures	182,972		

<b>Total</b>	<b>690,798</b>	<b>590,269</b>	<b>100,529</b>
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Tax Assessor:

Salaries and employee benefits	355,517		
Other operating expenditures	150,920		

<b>Total</b>	<b>570,772</b>	<b>514,993</b>	<b>55,779</b>
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Tax Collector:

Salaries and employee benefits	240,339		
Other operating expenditures	236,289		

<b>Total</b>	<b>511,143</b>	<b>476,628</b>	<b>34,515</b>
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Department of Motor Vehicles:

Salaries and employee benefits	149,414		
Other operating expenditures	9,072		

<b>Total</b>	<b>178,282</b>	<b>158,486</b>	<b>19,796</b>
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Legal:

Purchases	10,000	104	9,896
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Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
<b>Elections:</b>			
Salaries and employee benefits		205,718	
Other operating expenditures		160,012	
Capital outlay		163,727	
<b>Total</b>	<b>672,719</b>	<b>529,457</b>	<b>143,262</b>
<b>Register of Deeds:</b>			
Salaries and employee benefits		264,133	
Other operating expenditures		151,656	
<b>Total</b>	<b>474,306</b>	<b>415,789</b>	<b>58,517</b>
<b>Central Services:</b>			
Retiree Insurance and employee benefits		69,616	
Other operating expenditures		153,617	
Health insurance claims		381,452	
<b>Total</b>	<b>582,715</b>	<b>604,685</b>	<b>(21,970)</b>
<b>Data Processing:</b>			
Salaries and employee benefits		266,996	
Other operating expenditures		206,799	
Capital outlay		70,054	
<b>Total</b>	<b>570,445</b>	<b>543,849</b>	<b>26,596</b>
<b>Personnel:</b>			
Salaries and employee benefits		221,613	
Other operating expenditures		11,323	
<b>Total</b>	<b>235,233</b>	<b>232,936</b>	<b>2,297</b>
<b>Court Facilities:</b>			
Juvenile detention		61,244	
Other operating expenditures		19,903	
Capital outlay		244,696	
<b>Total</b>	<b>913,300</b>	<b>325,843</b>	<b>587,457</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Public Buildings:			
Salaries and employee benefits		435,410	
Other operating expenditures		830,161	
Capital outlay		907,846	
<b>Total</b>	<b>2,701,400</b>	<b>2,173,417</b>	<b>527,983</b>
<b>Total general government</b>	<b>9,040,847</b>	<b>7,444,750</b>	<b>1,596,097</b>
<b>Public Safety:</b>			
Sheriff:			
Salaries and employee benefits		4,046,842	
Other operating expenditures		1,059,511	
Drug enforcement		15,822	
Capital outlay		288,169	
<b>Total</b>	<b>6,049,397</b>	<b>5,410,344</b>	<b>639,053</b>
Communications:			
Salaries and employee benefits		602,531	
Other operating expenditures		167,073	
<b>Total</b>	<b>803,506</b>	<b>769,604</b>	<b>33,902</b>
Enhanced E911			
Other operating expenditures	3,500	1,008	2,492
Jail:			
Salaries and employee benefits		2,514,836	
Other operating expenditures		1,052,704	
Capital outlay		68,100	
<b>Total</b>	<b>3,855,389</b>	<b>3,635,640</b>	<b>219,749</b>
Domestic Violence Grants			
Other operating expenditures		-	
<b>Total</b>	<b>30,572</b>	<b>-</b>	<b>30,572</b>
Gang Violence Prevention Grant			
Salaries and employee benefits		29,274	
<b>Total</b>	<b>-</b>	<b>29,274</b>	<b>(29,274)</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Emergency Management:			
Salaries and employee benefits		227,048	
Other operating expenditures		128,794	
<b>Total</b>	<b>374,950</b>	<b>355,842</b>	<b>19,108</b>
Hurricane Matthew			
Other operating expenditures		57,519	
<b>Total</b>	<b>66,000</b>	<b>57,519</b>	<b>8,481</b>
Hurricane Florence			
Salaries and employee benefits	21,396	21,369	27
Other operating expenditures	3,604	910	2,694
<b>Total</b>	<b>25,000</b>	<b>22,279</b>	<b>2,721</b>
Coronavirus Relief Fund			
Salaries and employee benefits	75,000	294,460	(219,460)
Other operating expenditures	1,012,466	89,529	922,937
<b>Total</b>	<b>1,087,466</b>	<b>383,989</b>	<b>703,477</b>
Fire Protection:			
Forest fire contracts		77,599	
Workers' compensation - Volunteer Fire Department		16,605	
<b>Total</b>	<b>117,191</b>	<b>94,204</b>	<b>22,987</b>
Hazard Mitigation Grant Program :			
Other operating expenditures	3,355,335	139,209	3,216,126
Building Inspections:			
Salaries and employee benefits		127,997	
Other operating expenditures		21,037	
<b>Total</b>	<b>212,350</b>	<b>149,034</b>	<b>63,316</b>
Medical Examiner:			
Contracted services	84,500	64,400	20,100



Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Rescue Squads - Emergency Medical Services: Edgecombe County Rescue Squad - Operations	1,800,000	1,800,000	-
<b>Total</b>	<b>1,813,000</b>	<b>1,800,000</b>	<b>13,000</b>
Animal Control: Salaries and employee benefits Other operating expenditures		145,149 18,729	
<b>Total</b>	<b>181,289</b>	<b>163,878</b>	<b>17,411</b>
<b>Total public safety</b>	<b>18,059,445</b>	<b>13,076,224</b>	<b>4,983,221</b>
<b>Transportation:</b> Tarboro Edgecombe Airport Rocky Mount Wilson Airport	14,209 197,145	14,209 194,500	- 2,645
<b>Total transportation</b>	<b>211,354</b>	<b>208,709</b>	<b>2,645</b>
<b>Economic and Physical Development:</b> Planning: Salaries and employee benefits Other operating expenditures		187,985 44,822	
<b>Total</b>	<b>279,978</b>	<b>232,807</b>	<b>47,171</b>
Economic Development : Industrial incentives Carolina Gateway Partnership Tourism Development Authority Rocky Mount Edgecombe Community Development Corp. Capital outlay Kingsboro Training Center	188,000 260,000 100,000 22,530 9,651,128	- 260,000 90,539 22,530 521,078	188,000 - 9,461 - 9,130,050
<b>Total</b>	<b>10,221,658</b>	<b>894,147</b>	<b>9,327,511</b>
N.C. Cooperative Extension Service: Contracted services Other operating expenditures		316,222 54,040	
<b>Total</b>	<b>385,110</b>	<b>370,262</b>	<b>14,848</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
East Carolina Meat Animal Sale: Sponsorship	500	500	-
Soil and Water Conservation: Salaries and employee benefits		99,859	
Other operating expenditures		357,071	
<b>Total</b>	<b>612,890</b>	<b>456,930</b>	<b>155,960</b>
Princeville Grant Project Other operating expenditures		174,588	
<b>Total</b>	<b>3,120,536</b>	<b>174,588</b>	<b>2,945,948</b>
<b>Total economic and physical development</b>	<b>14,620,672</b>	<b>2,129,234</b>	<b>12,491,438</b>
<b>Human Services:</b>			
General Fund Human Services:			
Mental Health:			
Mental Health contribution		2,160	
ABC bottle tax		10,457	
<b>Total</b>	<b>69,000</b>	<b>12,617</b>	<b>56,383</b>
Aging:			
Salaries and employee benefits		56,586	
Other operating expenditures		5,175	
<b>Total</b>	<b>79,474</b>	<b>61,761</b>	<b>17,713</b>
Veteran's Service Officer:			
Salaries and employee benefits		55,181	
Other operating expenditures		7,163	
<b>Total</b>	<b>64,359</b>	<b>62,344</b>	<b>2,015</b>
Juvenile Crime Prevention Council - Youth Services:			
Salaries and employee benefits		12,853	
Other operating expenditures		273,277	
<b>Total</b>	<b>267,089</b>	<b>286,130</b>	<b>(19,041)</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Other Human Services:			
Miscellaneous Human Services		47,289	
<b>Total</b>	<b>54,394</b>	<b>47,289</b>	<b>7,105</b>
<b>Total General Fund Human Services</b>	<b>534,316</b>	<b>470,141</b>	<b>64,175</b>
Health Department:			
Health:			
Salaries and employee benefits		120,729	
Other operating expenditures		49,225	
Capital outlay		36,420	
<b>Total</b>	<b>221,752</b>	<b>206,374</b>	<b>15,378</b>
Covid 19			
Salaries and employee benefits	54,731	66,561	(11,830)
UHHS Covid Relief Funds	137,060	-	137,060
Other operating expenditures	35,000	-	35,000
<b>Total</b>	<b>226,791</b>	<b>66,561</b>	<b>160,230</b>
School Nurse Initiative Program:			
Salaries and employee benefits		259,301	
Other operating expenditures		973	
<b>Total</b>	<b>309,113</b>	<b>260,274</b>	<b>48,839</b>
Nash UNC Foundation Grant			
Salaries and employee benefits		13,719	
Other operating expenditures		213	
<b>Total</b>	<b>40,000</b>	<b>13,932</b>	<b>26,068</b>
Special Programs:			
Salaries and employee benefits		285,193	
Other operating expenditures		52,379	
<b>Total</b>	<b>591,441</b>	<b>337,572</b>	<b>253,869</b>
Tuberculosis:			
Salaries and employee benefits		38,694	
Other operating expenditures		11,219	
<b>Total</b>	<b>78,782</b>	<b>49,913</b>	<b>28,869</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Communicable Disease:			
Salaries and employee benefits		291,256	
Other operating expenditures		69,972	
<b>Total</b>	<b>375,336</b>	<b>361,228</b>	<b>14,108</b>
AIDS:			
Salaries and employee benefits		11,078	
<b>Total</b>	<b>14,243</b>	<b>11,078</b>	<b>3,165</b>
Conetoe Garden Grant			
Salaries and employee benefits		1,900	
<b>Total</b>	<b>1,900</b>	<b>1,900</b>	<b>-</b>
Primary Care:			
Salaries and employee benefits		27,166	
Other operating expenditures		6,373	
<b>Total</b>	<b>52,707</b>	<b>33,539</b>	<b>19,168</b>
School Health:			
Salaries and employee benefits		102,610	
Other operating expenditures		5,388	
<b>Total</b>	<b>193,896</b>	<b>107,998</b>	<b>85,898</b>
Adult Health:			
Salaries and employee benefits		170,768	
Other operating expenditures		80,257	
<b>Total</b>	<b>174,428</b>	<b>251,025</b>	<b>(76,597)</b>
Comprehensive Breast and Cervical Cancer Prevention:			
Salaries and employee benefits		33,361	
Other operating expenditures		10,401	
<b>Total</b>	<b>46,222</b>	<b>43,762</b>	<b>2,460</b>
Healthy Start Initiative:			
Salaries and employee benefits		76,174	
Other operating expenditures		13,796	
<b>Total</b>	<b>114,407</b>	<b>89,970</b>	<b>24,437</b>

**Edgecombe County, North Carolina**

**General Fund**

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

**For the Year Ended June 30, 2020**

**Exhibit B-3**

	Final Budget	Actual	Variance Positive (Negative)
Health Works:			
Salaries and employee benefits		53,410	
Other operating expenditures		17,674	
<b>Total</b>	<b>72,703</b>	<b>71,084</b>	<b>1,619</b>
Maternal Care Coordination:			
Salaries and employee benefits		209,666	
Other operating expenditures		180,748	
<b>Total</b>	<b>418,780</b>	<b>390,414</b>	<b>28,366</b>
Maternal:			
Salaries and employee benefits		219,375	
Other operating expenditures		40,577	
<b>Total</b>	<b>282,610</b>	<b>259,952</b>	<b>22,658</b>
Family Planning:			
Salaries and employee benefits		408,665	
Other operating expenditures		76,385	
<b>Total</b>	<b>654,479</b>	<b>485,050</b>	<b>169,429</b>
Child Health:			
Salaries and employee benefits		150,174	
Other operating expenditures		56,020	
<b>Total</b>	<b>327,089</b>	<b>206,194</b>	<b>120,895</b>
Immunization Action Plan:			
Salaries and employee benefits		76,296	
Other operating expenditures		7,333	
<b>Total</b>	<b>116,151</b>	<b>83,629</b>	<b>32,522</b>
Women Infants and Children:			
Salaries and employee benefits		287,630	
Other operating expenditures		34,091	
<b>Total</b>	<b>348,374</b>	<b>321,721</b>	<b>26,653</b>
Child Service Coordination:			
Salaries and employee benefits		217,084	
Other operating expenditures		9,786	
<b>Total</b>	<b>253,242</b>	<b>226,870</b>	<b>26,372</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Dental:			
Salaries and employee benefits	551,668	517,259	34,409
Other operating expenditures		46,940	(46,940)
NCOHC Teledentistry Grant	2,400	2,038	362
<b>Total</b>	<b>554,068</b>	<b>566,237</b>	<b>(12,169)</b>
Diabetes:			
Salaries and employee benefits		12,118	
Other operating expenditures		16,670	
<b>Total</b>	<b>41,193</b>	<b>28,788</b>	<b>12,405</b>
University Health System Grant:			
Salaries and employee benefits		11,153	
Other operating expenditures		881	
<b>Total</b>	<b>38,231</b>	<b>12,034</b>	<b>26,197</b>
Environmental Health:			
Salaries and employee benefits		312,170	
Other operating expenditures		93,844	
<b>Total</b>	<b>477,824</b>	<b>406,014</b>	<b>71,810</b>
Family Planning TANF			
Salaries and employee benefits		3,807	
Other operating expenditures		17,399	
<b>Total</b>	<b>21,187</b>	<b>21,206</b>	<b>(19)</b>
Farm Bureau - Healthy Living			
Other operating expenditures		-	
<b>Total</b>	<b>330</b>	<b>-</b>	<b>330</b>
HIV / STD Prevention Risk Reduction:			
Salaries and employee benefits		61,578	
Other operating expenditures		40,881	
<b>Total</b>	<b>105,000</b>	<b>102,459</b>	<b>2,541</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
BT Preparedness:			
Salaries and employee benefits		28,634	
Other operating expenditures		5,631	
<b>Total</b>	<b>37,720</b>	<b>34,265</b>	<b>3,455</b>
Other Grants:			
Other operating expenditures		253	
<b>Total</b>	<b>4,622</b>	<b>253</b>	<b>4,369</b>
866 Health Communities			
Salaries and employee benefits		22,893	
Other operating expenditures		7,164	
<b>Total</b>	<b>34,706</b>	<b>30,057</b>	<b>4,649</b>
Project Reach			
Salaries and employee benefits		110,937	
Other operating expenditures		69,838	
<b>Total</b>	<b>325,000</b>	<b>180,775</b>	<b>144,225</b>
CHANGE Project Grant			
Other operating expenditures		7,042	
<b>Total</b>	<b>22,064</b>	<b>7,042</b>	<b>15,022</b>
<b>Total Health Department</b>	<b>6,576,391</b>	<b>5,269,170</b>	<b>1,307,221</b>
Department of Social Services:			
Social Services Administration:			
Salaries and employee benefits		7,720,556	
Other operating expenditures		763,158	
Lease payments		18,356	
Capital outlay		41,263	
<b>Total</b>	<b>10,462,630</b>	<b>8,543,333</b>	<b>1,919,297</b>
Social Services Block Grant:			
NC Department of Transportation ROAP Grant		141,634	
Other operating expenditures		368,313	
<b>Total</b>	<b>696,478</b>	<b>509,947</b>	<b>186,531</b>

Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
Home Community Care Block Grant:			
Operating expenditures		469,117	
<b>Total</b>	<b>542,432</b>	<b>469,117</b>	<b>73,315</b>
Work First/TANF:			
Operating expenditures		18,211	
<b>Total</b>	<b>73,700</b>	<b>18,211</b>	<b>55,489</b>
Public Assistance Programs			
Assistance payments		1,875,945	
<b>Total</b>	<b>2,608,491</b>	<b>1,875,945</b>	<b>732,546</b>
<b>Total Department of Social Services</b>	<b>14,383,731</b>	<b>11,416,553</b>	<b>2,967,178</b>
<b>Total human services</b>	<b>21,494,438</b>	<b>17,155,864</b>	<b>4,338,574</b>
<b>Cultural and Recreational:</b>			
Libraries:			
Edgecombe Memorial Library contribution	376,600	376,600	-
Braswell Memorial Library contribution	194,962	191,829	3,133
<b>Total</b>	<b>571,562</b>	<b>568,429</b>	<b>3,133</b>
Edgecombe County Cultural Arts Council	20,000	20,000	-
Recreation:			
Salaries and employee benefits	25,636	5,274	20,362
Other operating expenditures	3,194	3,136	58
Recreation grants	20,000	10,000	10,000
<b>Total</b>	<b>48,830</b>	<b>18,410</b>	<b>30,420</b>
<b>Total cultural and recreational</b>	<b>640,392</b>	<b>606,839</b>	<b>33,553</b>
<b>Environmental Protection:</b>			
Water and Sewer Projects			
Princeville water and sewer	90,000	80,264	9,736
<b>Total environmental protection</b>	<b>90,000</b>	<b>80,264</b>	<b>9,736</b>



Edgecombe County, North Carolina

General Fund

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

For the Year Ended June 30, 2020

Exhibit B-3

	Final Budget	Actual	Variance Positive (Negative)
<b>Education</b>			
Edgecombe County Schools - current expense	7,759,905	7,759,905	-
Nash Rocky Mouny Schools - current expense	2,188,320	2,188,320	-
Public schools - capital outlay	370,000	360,000	10,000
Lottery Allocation - capital outlay	1,000,000	1,889,622	(889,622)
Community colleges - current expenditures	1,871,304	1,871,304	-
Community colleges - capital outlay	229,383	203,133	26,250
<b>Total education</b>	<b>13,418,912</b>	<b>14,272,284</b>	<b>(853,372)</b>
<b>Debt Service:</b>			
Principal retirement	2,155,840	2,099,991	55,849
Principal retirement - Schools	691,000	691,000	-
Principal retirement - Community College	534,000	534,000	-
Interest and fees	897,034	855,240	41,794
Interest and fees - Schools	136,960	137,332	(372)
Interest and fees - Community College	225,648	225,648	-
<b>Total debt service</b>	<b>4,640,482</b>	<b>4,543,211</b>	<b>97,271</b>
<b>Total expenditures</b>	<b>82,216,542</b>	<b>59,517,379</b>	<b>22,699,163</b>
Revenues over (under) expenditures	(6,934,551)	1,488,286	8,422,837
<b>Other financing sources (uses)</b>			
Transfers			
Transfer from General Fund - Health Department	1,617,379	1,617,379	-
Transfer from General Fund - DSS	4,698,239	4,698,239	-
Transfer from General Fund - Revaluation Fund	-	427,000	427,000
Transfers to other funds	(7,034,602)	(7,034,602)	-
<b>Total net transfers</b>	<b>(718,984)</b>	<b>(291,984)</b>	<b>427,000</b>
Proceeds from long-term debt	-	-	-
Proceeds from sale of capital assets	250,000	5,737	(244,263)
<b>Total other financing sources (uses)</b>	<b>(468,984)</b>	<b>(286,247)</b>	<b>182,737</b>
<b>Appropriated fund balance</b>	<b>8,747,820</b>	<b>-</b>	<b>(8,747,820)</b>
<b>Net change in fund balance</b>	<b>\$ 1,344,285</b>	<b>1,202,039</b>	<b>\$ (142,246)</b>
Fund balance, beginning of year, as previously reported		21,304,148	
Prior period adjustment		773,866	
<b>Fund balance, beginning of year</b>		<b>22,078,014</b>	
<b>Fund balance, end of year</b>		<b>\$ 23,280,053</b>	

**Edgecombe County, North Carolina**  
**Revaluation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**Year Ended June 30, 2020**  
**Exhibit B-4**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ -	\$ -	\$ -
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>			
General Government:			
Operating expenditures	427,000	-	427,000
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>427,000</b>	<b>-</b>	<b>427,000</b>
Revenues over (under) expenditures	(427,000)	-	427,000
<b>Other Financing Sources</b>			
Transfer from other funds	-	427,000	427,000
Revenues and other sources over (under) expenditures	(427,000)	427,000	854,000
Appropriated fund balance	427,000	-	(427,000)
Revenues, other sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	427,000	<u>\$ 427,000</u>
Fund balance, beginning of year		483,068	
Fund balance, end of year		<u>\$ 910,068</u>	

## NON-MAJOR GOVERNMENTAL FUNDS

### Combining Balance Sheet

### Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

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

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

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

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

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

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

**Hazard Mitigation Grant Program Fund** -This fund accounts for hazard mitigation grant program funds restricted for economic and physical development

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

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

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**Edgecombe County, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**  
**Exhibit C-1**

	Special Revenue Funds								
	Emergency Telephone System Fund	Fire District Fund	Economic Development and Housing Recovery Fund	Industrial Sites Development Fund	Community Development Block Grant Fund	Hazard Mitigation Grant Program Fund	Total NonMajor Special Revenue Funds	Schools Capital Project Fund	Total Nonmajor Governmental Funds
<b>Assets</b>									
Cash and cash equivalents	\$ 492,982	\$ 19,932	\$ -	\$ 8,889	\$ -	\$ -	\$ 521,803	\$ -	\$ 521,803
Taxes receivables, net	-	176,729	-	-	-	-	176,729	-	176,729
Due from other governments	16,489	-	-	-	-	-	16,489	217,554	234,043
<b>Total assets</b>	<b>\$ 509,471</b>	<b>\$ 196,661</b>	<b>\$ -</b>	<b>\$ 8,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,021</b>	<b>\$ 217,554</b>	<b>\$ 932,575</b>
<b>Liabilities</b>									
Accounts payable and accrued liabilities	\$ 50	\$ 19,932	\$ -	\$ 510	\$ 6,285	\$ 276,322	\$ 303,099	\$ 30,476	\$ 333,575
Due to other funds	-	-	336,234	-	528,254	151,022	1,015,510	187,078	1,202,588
<b>Total liabilities</b>	<b>50</b>	<b>19,932</b>	<b>336,234</b>	<b>510</b>	<b>534,539</b>	<b>427,344</b>	<b>1,318,609</b>	<b>217,554</b>	<b>1,536,163</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>176,729</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,729</b>	<b>-</b>	<b>176,729</b>
<b>Fund Balances</b>									
Restricted:									
Stabilization by State Statute	16,489	-	-	-	-	-	16,489	-	16,489
Public safety E-911	492,932	-	-	-	-	-	492,932	-	492,932
Economic development	-	-	-	8,379	-	-	8,379	-	8,379
Unassigned	-	-	(336,234)	-	(534,539)	(427,344)	(1,298,117)	-	(1,298,117)
<b>Total fund balances</b>	<b>509,421</b>	<b>-</b>	<b>(336,234)</b>	<b>8,379</b>	<b>(534,539)</b>	<b>(427,344)</b>	<b>(780,317)</b>	<b>-</b>	<b>(780,317)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 509,471</b>	<b>\$ 196,661</b>	<b>\$ -</b>	<b>\$ 8,889</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,021</b>	<b>\$ 217,554</b>	<b>\$ 932,575</b>

**Edgecombe County, North Carolina**  
**Non-Major Governmental Funds**  
**Combining Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
**Exhibit C-2**

Special Revenue Funds

	Emergency Telephone System Fund	Fire District Fund	Economic Development and Housing Recovery Fund	Industrial Sites Development Fund	Community Development Block Grant Fund	Hazard Mitigation Grant Program Fund	Total NonMajor Special Revenue Funds	Schools Capital Project Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>									
Ad valorem taxes	\$ -	\$ 1,209,291	\$ -	\$ -	\$ -	\$ -	\$ 1,209,291	\$ -	\$ 1,209,291
Local option sales tax	-	-	-	-	-	-	-	1,319,648	1,319,648
Restricted intergovernmental	197,869	-	2,708,973	-	-	-	2,906,842	-	2,906,842
Sales and services	-	-	-	1,063	-	-	1,063	-	1,063
<b>Total revenues</b>	<b>197,869</b>	<b>1,209,291</b>	<b>2,708,973</b>	<b>1,063</b>	<b>-</b>	<b>-</b>	<b>4,117,196</b>	<b>1,319,648</b>	<b>5,436,844</b>
<b>Expenditures</b>									
Public safety	129,883	1,201,471	-	-	-	-	1,331,354	-	1,331,354
Economic and physical development	-	-	2,082,900	99,959	211,031	427,344	2,821,234	-	2,821,234
Capital outlay	-	-	-	-	-	-	-	1,319,648	1,319,648
<b>Total expenditures</b>	<b>129,883</b>	<b>1,201,471</b>	<b>2,082,900</b>	<b>99,959</b>	<b>211,031</b>	<b>427,344</b>	<b>4,152,588</b>	<b>1,319,648</b>	<b>5,472,236</b>
Revenues over (under) expenditures	67,986	7,820	626,073	(98,896)	(211,031)	(427,344)	(35,392)	-	(35,392)
<b>Other financing sources (uses)</b>									
Transfers from other funds	-	-	-	291,984	-	-	291,984	-	291,984
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>291,984</b>	<b>-</b>	<b>-</b>	<b>291,984</b>	<b>-</b>	<b>291,984</b>
Net change in fund balances	67,986	7,820	626,073	193,088	(211,031)	(427,344)	256,592	-	256,592
Fund balances, beginning of year, as previous period adjustment	441,435	(7,820)	5,121	(184,709)	(323,508)	-	(69,481)	-	(69,481)
Prior period adjustment	-	-	(967,428)	-	-	-	(967,428)	-	(967,428)
Fund balances, beginning of year	441,435	(7,820)	(962,307)	(184,709)	(323,508)	-	(1,036,909)	-	(1,036,909)
Fund balances, end of year	\$ 509,421	\$ -	\$ (336,234)	\$ 8,379	\$ (534,539)	\$ (427,344)	\$ (780,317)	\$ -	\$ (780,317)

**Edgecombe County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**  
**Exhibit C-3**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Restricted intergovernmental:			
Emergency telephone fee	\$ 150,000	\$ 197,869	\$ 47,869
<b>Total revenues</b>	<b>150,000</b>	<b>197,869</b>	<b>47,869</b>
<b>Expenditures</b>			
Public safety:			
Emergency telephone services:			
Operating expenditures	154,570	129,883	24,687
Capital outlay	61,900	-	61,900
<b>Total expenditures</b>	<b>216,470</b>	<b>129,883</b>	<b>86,587</b>
Revenues over (under) expenditures	(66,470)	67,986	134,456
Appropriated fund balance	-	-	-
Net change in fund balance	<u>\$ (66,470)</u>	67,986	<u>\$ 134,456</u>
Fund balance, beginning of year		441,435	
Fund balance, end of year		<u>\$ 509,421</u>	

**Edgecombe County, North Carolina**  
**Fire Districts Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**  
**Exhibit C-4**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Ad valorem taxes	\$ 1,171,500	\$ 1,209,291	\$ 37,791
<b>Total revenues</b>	<b>1,171,500</b>	<b>1,209,291</b>	<b>37,791</b>
<b>Expenditures</b>			
Public Safety:			
Harrison Fire District	80,000	51,295	28,705
Tri County Fire District	55,000	60,225	(5,225)
Davenport Fire District	35,000	38,127	(3,127)
Heartsease Fire District	175,000	180,622	(5,622)
Princeville Fire District	115,000	110,771	4,229
Speed Fire District	85,000	88,703	(3,703)
South Edgecombe Fire District	135,000	185,397	(50,397)
Macclesfield Fire District	60,000	62,154	(2,154)
Leggett Fire District	80,000	75,730	4,270
West Edgecombe Fire District	150,000	147,281	2,719
Lewis Fire District	65,000	61,398	3,602
Conetoe Fire District	120,000	122,034	(2,034)
Sharp Point Fire District	6,500	5,328	1,172
Pintain Fire District	10,000	12,406	(2,406)
<b>Total expenditures</b>	<b>1,171,500</b>	<b>1,201,471</b>	<b>(29,971)</b>
Revenues over (under) expenditures	<u>\$ -</u>	7,820	<u>\$ 7,820</u>
Fund balance, beginning of year		(7,820)	
<b>Fund balance, end of year</b>		<u>\$ -</u>	



Edgecombe County, North Carolina  
Economic Development and Housing Recovery Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
From Inception and for the Year Ended June 30, 2020  
Exhibit C-5

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2019	Budget Amendments	June 30, 2020	Prior Years	Current Year	Total to Date	
<b>Revenues</b>							
Restricted intergovernmental:							
NC Department of Commerce							
Golden Leaf Grant	\$ -	\$ -	\$ -	\$ -	\$ 2,041,646	\$ 2,041,646	\$ 2,041,646
IDF Revenue Kings	-	-	-	-	-	-	-
NC Housing Finance Agency							
2013 Single Family Rehabilitation Loan Pool	1,498,796	(1,498,796)	-	411,253	-	411,253	411,253
Urgent Repairs Program	398,391	(294,216)	104,175	187,269	250,945	438,214	334,039
2016 Single Family Rehabilitation Loan Pool	492,040	(492,040)	-	163,324	64,346	227,670	227,670
North Carolina Department of Transportation							
Carolinas Gateway Partnership	-	-	-	-	352,036	-	-
CNEF grant	9,000	-	9,000	9,000	-	9,000	-
<b>Total</b>	<b>2,398,227</b>	<b>(2,285,052)</b>	<b>113,175</b>	<b>770,846</b>	<b>2,708,973</b>	<b>3,127,783</b>	<b>3,014,608</b>
Investment earnings	-	-	-	897	-	897	897
<b>Total revenues</b>	<b>2,398,227</b>	<b>(2,285,052)</b>	<b>113,175</b>	<b>771,743</b>	<b>2,708,973</b>	<b>3,128,680</b>	<b>3,015,505</b>
<b>Expenditures</b>							
Economic and physical development:							
NC Housing Finance Agency							
2013 Single Family Rehabilitation Loan Pool	426,085	143,205	569,290	658,527	7,001	665,528	(96,238)
2019 Urgent Repairs Program	-	70,000	70,000	-	(35,000)	(35,000)	105,000
2016 Single Family Rehabilitation Loan Pool	492,040	1,502,074	1,994,114	154,785	29,378	184,163	1,809,951
North Carolina Department of Transportation							
Carolinas Gateway Partnership	-	-	-	-	352,036	-	-
Capital outlay - land acquisition	22,328,148	(20,736,984)	1,591,164	6,987,043	-	17,500	1,573,664
NC Department of Commerce							
Golden Leaf Grant	-	-	-	-	1,615,330	1,615,330	(1,615,330)
IDF Revenue Kings	-	-	-	967,428	114,155	1,081,583	(1,081,583)
Debt Service							
Interest and fees	-	(17,500)	(17,500)	17,500	-	-	(17,500)
<b>Total expenditures</b>	<b>23,246,273</b>	<b>(19,039,205)</b>	<b>4,207,068</b>	<b>8,785,283</b>	<b>2,082,900</b>	<b>3,529,104</b>	<b>677,964</b>
<b>Revenues over (under) expenditures</b>	<b>(20,848,046)</b>	<b>16,754,153</b>	<b>(4,093,893)</b>	<b>(8,013,540)</b>	<b>626,073</b>	<b>(400,424)</b>	<b>2,337,541</b>
<b>Other financing sources (uses)</b>							
Proceeds of long-term debt	-	-	-	7,000,000	-	7,000,000	7,000,000
<b>Net change in fund balance</b>	<b>\$ (20,848,046)</b>	<b>\$ 16,754,153</b>	<b>\$ (4,093,893)</b>	<b>\$ (1,013,540)</b>	<b>626,073</b>	<b>\$ 6,599,576</b>	<b>\$ 9,337,541</b>
Fund balances, beginning of year, as previously reported					5,121		
Prior period adjustment					(967,428)		
<b>Fund balance, beginning of year</b>					<b>(962,307)</b>		
<b>Fund balance, end of year</b>					<b>\$ (336,234)</b>		

**Edgecombe County, North Carolina  
Industrial Sites Development Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2020  
Exhibit C-6**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Lease payments	\$ -	\$ 1,063	\$ 1,063
<b>Expenditures</b>			
Economic Development			
Salaries and benefits	628,655	3,996	624,659
Industrial incentives	283,465	95,963	187,502
Total expenditures	912,120	99,959	812,161
Revenues over (under) expenditures	(912,120)	(98,896)	813,224
<b>Other financing sources</b>			
Transfers from other funds	912,120	291,984	(620,136)
Revenues and other financing sources over (under) expenditures	-	193,088	193,088
Net change in fund balance	<u>\$ -</u>	193,088	<u>\$ 193,088</u>
Fund balance, beginning of year		(184,709)	
Fund balance, end of year		<u>\$ 8,379</u>	

**Edgecombe County, North Carolina**  
**Community Development Block Grant Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**  
**Exhibit C-7**

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2019	Budget Amendments	June 30, 2020	Prior Years	Current Year	Total to Date	
<b>Revenues</b>							
Restricted intergovernmental:							
Community Development Block Grant	\$ 44,368,001	\$(44,337,229)	\$ 30,772	\$ -	\$ -	\$ -	\$ (30,772)
<b>Total revenues</b>	<b>44,368,001</b>	<b>(44,337,229)</b>	<b>30,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,772)</b>
<b>Expenditures</b>							
Economic and physical development:							
Salaries and benefits	243,100	185,684	428,784	227,701	<b>198,894</b>	426,595	2,189
Administration	589,103	(481,701)	107,402	35,023	<b>12,137</b>	47,160	60,242
Other operating expenditures	1,944,944	(919,206)	1,025,738	-	-	-	1,025,738
CDBG grant	40,026,630	(4,978)	40,021,652	60,784	-	60,784	39,960,868
<b>Total expenditures</b>	<b>42,803,777</b>	<b>(1,220,201)</b>	<b>41,583,576</b>	<b>323,508</b>	<b>211,031</b>	<b>534,539</b>	<b>41,049,037</b>
Revenues over (under) expenditures	1,564,224	(43,117,028)	(41,552,804)	(323,508)	<b>(211,031)</b>	(534,539)	41,018,265
<b>Other financing sources (uses)</b>							
Transfers from other funds	133,973	(133,973)	-	-	-	-	-
Net change in fund balance	<u>\$ 1,698,197</u>	<u>\$(43,251,001)</u>	<u>\$(41,552,804)</u>	<u>\$ (323,508)</u>	<u>\$ (211,031)</u>	<u>\$ (534,539)</u>	<u>\$ 41,018,265</u>
Fund balance, beginning of year					<b>(323,508)</b>		
Fund balance, end of year					<b>\$ (534,539)</b>		

**Edgecombe County, North Carolina**  
**Hazard Mitigation Grant Program Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**From Inception and for the Year Ended June 30, 2020**  
**Exhibit C-8**

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2019	Budget Amendments	June 30, 2020	Prior Years	Current Year	Total to Date	
<b>Revenues</b>							
Restricted intergovernmental:							
Hazard Mitigation Grant Program	\$ 4,320,165	\$ -	\$ 4,320,165	\$ -	\$ -	\$ -	\$ (4,320,165)
<b>Total revenues</b>	<b>4,320,165</b>	<b>-</b>	<b>4,320,165</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,320,165)</b>
<b>Expenditures</b>							
Economic and physical development:							
Other operating expenditures	4,320,165	-	4,320,165	-	<b>427,344</b>	427,344	3,892,821
<b>Total expenditures</b>	<b>4,320,165</b>	<b>-</b>	<b>4,320,165</b>	<b>-</b>	<b>427,344</b>	<b>427,344</b>	<b>3,892,821</b>
Revenues over (under) expenditures	-	-	-	-	<b>(427,344)</b>	(427,344)	(427,344)
<b>Other financing sources (uses)</b>							
Transfers from other funds	-	-	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ <b>(427,344)</b>	\$ (427,344)	\$ (427,344)
Fund balance, beginning of year						-	
Fund balance, end of year					\$ <b>(427,344)</b>		

**Edgecombe County, North Carolina**  
**School Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**  
**Exhibit C-9**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Local option sales tax - restricted portion	\$ 750,000	\$ 1,319,648	\$ 569,648
Total revenues	750,000	1,319,648	569,648
<b>Expenditures</b>			
Education:			
Schools Capital Outlay			
Edgecombe County Board of Education	970,884	1,013,801	(42,917)
Nash Rocky Mount Board of Education	297,427	305,847	(8,420)
Total expenditures	1,268,311	1,319,648	(51,337)
Revenues over (under) expenditures	<u>\$ (518,311)</u>	-	<u>\$ 518,311</u>
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

## ENTERPRISE FUNDS

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

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

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

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

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**Edgecombe County, North Carolina**  
**Water and Sewer Operations Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**  
**Exhibit D-1 (continued)**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Operating revenues</b>			
Charges for services:			
Water sales	\$ 3,314,335	\$ 3,413,858	\$ 99,523
Sewer sales	625,000	629,094	4,094
Late charges and penalties	180,000	191,683	11,683
Water taps	50,000	94,531	44,531
Sewer taps	-	2,967	2,967
Administration fees	2,400	2,400	-
Other operating revenues	14,000	14,000	-
<b>Total operating revenues</b>	<b>4,185,735</b>	<b>4,348,533</b>	<b>162,798</b>
<b>Non-operating revenues</b>			
Investment earnings	-	1,169	1,169
<b>Total operating revenues</b>	<b>-</b>	<b>1,169</b>	<b>1,169</b>
<b>Total revenues</b>	<b>4,185,735</b>	<b>4,349,702</b>	<b>163,967</b>
<b>Expenditures:</b>			
Water and Sewer Operation Administration:			
Salaries and employee benefits	605,722	598,667	7,055
Water purchases	1,245,000	1,232,470	12,530
Operating expenditures	582,500	539,174	43,326
Sewer costs	465,000	456,312	8,688
Capital outlay	32,500	32,490	10
<b>Total</b>	<b>2,930,722</b>	<b>2,859,113</b>	<b>71,609</b>
Debt Service:			
Debt principal	775,680	750,906	24,774
Interest and fees	511,304	511,444	(140)
<b>Total</b>	<b>1,255,013</b>	<b>1,262,350</b>	<b>(7,337)</b>
<b>Total expenditures</b>	<b>4,185,735</b>	<b>4,121,463</b>	<b>64,272</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>228,239</b>	<b>228,239</b>
Revenues and other financing sources over (under) expenditures and other financing uses	<b>\$ -</b>	<b>\$ 228,239</b>	<b>\$ 228,239</b>



**Edgecombe County, North Carolina**  
**Water and Sewer Operations Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**  
**Exhibit D-1 (continued)**

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

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 228,239
Reconciling items:	
Capitalized assets	32,490
Depreciation	(1,435,858)
Increase in accrued interest payable	1,899
Principal debt retirement	750,906
Amortization of premium on refunding bonds	27,087
Amortization of deferred costs of refunding	(27,250)
Increase in net pension liability	(16,109)
Decrease in deferred outflows of resources - pensions	(15,218)
Increase in deferred outflows of resources - OPEB	2,667
Decrease in deferred inflows of resources - pensions	575
Increase in deferred inflows of resources - OPEB	(26,721)
Increase in compensated absences	(1,013)
Decrease in total OPEB liability	20,031
Water and Sewer Capital Project Fund	
Capital contributions	1,953,616
Investment earnings	1,431
<hr/>	
Total reconciling items	1,268,533
<hr/>	
Change in net position	\$ 1,496,772
<hr/>	

**Edgecombe County, North Carolina**  
**Water District Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Year Ended June 30, 2020**  
**Exhibit D-2**

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2019	Budget Amendments	June 30, 2020	Prior Years	Current Year	Total to Date	
<b>Revenues</b>							
Water District No. 5							
Restricted Intergovernmental:							
USDA Grant - Draughn Road	\$ -	\$ -	\$ -	\$ 45,985	\$ -	\$ 45,985	\$ 45,985
<b>Total</b>	-	-	-	45,985	-	45,985	45,985
New Hope Church Road:							
Restricted Intergovernmental:							
Rural Center	625,000	(625,000)	-	442,119	-	442,119	442,119
USDA Grant	1,296,750	1,204,639	2,501,389.00	1,309,445	<b>1,804,537</b>	3,113,982	612,593
<b>Total</b>	1,921,750	579,639	2,501,389	1,751,564	<b>1,804,537</b>	3,556,101	1,054,712
Water District No 4 - Phase III							
Restricted Intergovernmental:							
Rural Center	1,000,000	(1,000,000)	-	345,408	-	345,408	345,408
USDA Grant	3,013,590	(3,013,590)	-	3,013,590	-	3,013,590	3,013,590
Local Match	63,600	-	63,600	69,277	-	69,277	5,677
<b>Total</b>	4,077,190	(4,013,590)	63,600	3,428,275	-	3,428,275	3,364,675
Speed Sewer Project							
CDBG Grant	3,007,179	(2,858,101)	149,078	2,901,787	<b>149,079</b>	3,050,866	2,901,788
USDA Grant	410,697	(410,697)	-	-	-	-	-
<b>Total</b>	3,417,876	(3,268,798)	149,078	2,901,787	<b>149,079</b>	3,050,866	2,901,788
Miscellaneous Water Projects:							
Investment income	-	-	-	4,643	<b>1,431</b>	6,074	6,074
<b>Total revenues</b>	9,416,816	(6,702,749)	2,714,067	8,132,254	1,955,047	10,087,301	7,373,234

**Edgecombe County, North Carolina**  
**Water District Capital Projects Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and for the Year Ended June 30, 2020**  
**Exhibit D-2**

	Project Authorization				Actual		Variance Positive (Negative)
	June 30, 2019	Budget Amendments	June 30, 2020	Prior Years	Current Year	Total to Date	
<b>Expenditures</b>							
Water District No. 4 - Phase III							
Construction	6,554,120	-	6,554,120	6,562,478	-	6,562,478	(8,358)
Engineering fees	697,000	-	697,000	389,542	-	389,542	307,458
Land right of way	15,000	-	15,000	238	-	238	14,762
Administrative and legal	95,000	-	95,000	115,641	-	115,641	(20,641)
Capitalized interest	37,880	-	37,880	37,430	-	37,430	450
Contingency	293,190	-	293,190	-	-	-	293,190
<b>Total Water District No. 4 - Phase III</b>	<b>7,692,190</b>	<b>-</b>	<b>7,692,190</b>	<b>7,105,329</b>	<b>-</b>	<b>7,105,329</b>	<b>586,861</b>
Miscellaneous Water Projects:							
Meter replacement project	428,464	-	428,464	343,478	-	343,478	84,986
Speed Sewer Project:							
Construction CDBG	\$ 2,766,969	\$ -	\$ 2,766,969	\$ 2,898,018	\$ 13,121	\$ 2,911,139	\$ (144,170)
Construction USDA	1,546,523	-	1,546,523	1,099,595	791,703	1,891,298	(344,775)
Rehab / LMI USDA	-	-	-	133,958	4,533	138,491	(138,491)
Construction USDA	-	-	-	415,095	-	415,095	(415,095)
Rehab / LMI CDBG	89,600	-	89,600	42,849	300	43,149	46,451
Administrative and legal USDA	44,908	-	44,908	-	-	-	44,908
Administrative and legal CDBG	125,000	-	125,000	122,406	8,111	130,517	(5,517)
<b>Total</b>	<b>4,573,000</b>	<b>-</b>	<b>4,573,000</b>	<b>4,711,921</b>	<b>817,768</b>	<b>5,529,689</b>	<b>(956,689)</b>
<b>Total expenditures</b>	<b>12,693,654</b>	<b>-</b>	<b>12,693,654</b>	<b>12,160,728</b>	<b>817,768</b>	<b>12,978,496</b>	<b>(284,842)</b>
Revenues over (under) expenditures	(3,276,838)	(6,702,749)	(9,979,587)	(4,028,474)	1,137,279	(2,891,195)	7,658,076
<b>Other Financing Sources (Uses)</b>							
Transfer from Water and Sewer	-	-	-	508,871	-	508,871	508,871
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>508,871</b>	<b>-</b>	<b>508,871</b>	<b>508,871</b>
Revenues and other financing sources over (under) expenditures and other uses	\$ (3,276,838)	\$ (6,702,749)	\$ (9,979,587)	\$ (3,519,603)	\$ 1,137,279	\$ (2,382,324)	\$ 7,597,263

**Edgecombe County, North Carolina**  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**

**Exhibit D-3**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Operating revenues</b>			
Solid waste charges	\$ 1,960,000	\$ 2,381,325	\$ 421,325
Recycling fees	-	41,227	41,227
Landfill gas electric sales and carbon credits	75,000	-	(75,000)
<b>Total operating revenues</b>	<b>2,035,000</b>	<b>2,422,552</b>	<b>387,552</b>
<b>Non-operating revenues</b>			
Investments earnings	-	55,370	55,370
Solid waste disposal tax	15,000	20,535	5,535
Scrap tire disposal tax	65,000	71,698	6,698
White goods disposal tax	15,000	11,438	(3,562)
White goods grant	-	(4,254)	(4,254)
Scrap tire grant	-	11,096	11,096
Electronics management grant	3,047	3,047	-
Miscellaneous	10,000	2,753	(7,247)
<b>Total non-operating revenues</b>	<b>108,047</b>	<b>171,683</b>	<b>63,636</b>
<b>Total revenues</b>	<b>2,143,047</b>	<b>2,594,235</b>	<b>451,188</b>
<b>Expenditures:</b>			
Landfill operations			
Salaries and employee benefits		765,573	
Operating expenditures		1,423,746	
Keep America Beautiful		17,734	
Recycling and solid waste disposal		104,114	
Capital outlay		42,271	
<b>Total landfill operations</b>	<b>3,238,797</b>	<b>2,353,438</b>	<b>885,359</b>
Debt Service			
Debt principal	77,760	77,760	-
<b>Total expenditures</b>	<b>3,316,557</b>	<b>2,431,198</b>	<b>885,359</b>
<b>Revenues over (under) expenditures</b>	<b>(1,173,510)</b>	<b>163,037</b>	<b>1,336,547</b>
<b>Other financing sources</b>			
Appropriated fund balance	973,510	-	(973,510)
<b>Revenues, other financing sources, and appropriated fund balance over (under) expenditures</b>	<b>\$ (200,000)</b>	<b>\$ 163,037</b>	<b>\$ 363,037</b>

Edgecombe County, North Carolina  
**Solid Waste Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2020**  
**Exhibit D-3 (continued)**

	Actual
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>	
Revenues, other financing sources, and appropriated fund balance over (under) expenditures	\$ 163,037
Reconciling items:	
Debt principal	77,760
Capital outlay	42,271
Depreciation	(237,933)
Increase in deferred outflows of resources - pensions	(9,711)
Increase in deferred outflows of resources - OPEB	3,879
Increase in net pension liability	(10,199)
Increase in deferred inflows of resources - pensions	367
Increase in deferred inflows of resources - OPEB	(38,655)
Increase in compensated absences	(158)
Decrease in total OPEB liability	21,225
Increase in accrued landfill closure and post-closure costs	(196,451)
Total reconciling items	(347,605)
Change in net position	\$ (184,568)

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## TRUST AND AGENCY FUNDS

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

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

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

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

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

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

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

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Edgecombe County, North Carolina  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2020**  
**Exhibit E-1**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Motor Vehicle Tax Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 156,408	\$ 1,656,228	\$ 1,638,685	\$ 173,951
<b>Liabilities</b>				
Due to other governments	\$ 156,408	\$ 1,656,228	\$ 1,638,685	\$ 173,951
<b><u>Cooperative Extension and 4-H</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 135,771	\$ 7,781	\$ 11,692	\$ 131,860
<b>Liabilities</b>				
Miscellaneous liabilities	\$ 135,771	\$ 7,781	\$ 11,692	\$ 131,860
<b><u>Social Services Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 51,713	\$ 202,844	\$ 200,748	\$ 53,809
<b>Liabilities</b>				
Miscellaneous liabilities	\$ 51,713	\$ 202,844	\$ 200,748	\$ 53,809
<b><u>Register of Deeds Trust Fund:</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 285	\$ 15,066	\$ 15,066	\$ 285
<b>Liabilities</b>				
Due to other governments	\$ 285	\$ 15,066	15,066	\$ 285

Edgecombe County, North Carolina  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2020**  
**Exhibit E-1 (continued)**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Inmates Trust Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 44,168	\$ 393,690	\$ 374,657	\$ 63,201
<b>Liabilities</b>				
Miscellaneous liabilities	\$ 44,168	\$ 393,690	\$ 374,657	\$ 63,201
<b><u>Fines and Forfeitures Fund</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 38,764	\$ 245,966	\$ 246,577	38,153
<b>Liabilities</b>				
Due to other governments	\$ 38,764	\$ 245,966	\$ 246,577	\$ 38,153
<b><u>Totals - All Agency Funds:</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 427,109	\$ 2,521,575	\$ 2,487,425	\$ 461,259
<b>Liabilities</b>				
Miscellaneous liabilities	\$ 231,652	\$ 604,315	\$ 587,097	\$ 248,870
Due to other governments	195,457	1,917,260	1,900,328	212,389
Total liabilities	\$ 427,109	\$ 2,521,575	\$ 2,487,425	\$ 461,259

## COMPONENT UNIT

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

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

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**Edgecombe County, North Carolina**  
**Edgecombe County Tourism Development Authority**  
**Supplemental Statement of Net Position**  
**June 30, 2020**  
**Exhibit F-1**

**Assets**

Current assets:

Cash and cash equivalents	\$	135,435
Due from primary government		29,863

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Total assets		165,298
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**Net Position**

Restricted:

Stabilization by state statute		29,863
Tourism promotion		135,435

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Total net position	\$	165,298
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Note: This is a discretely presented component unit which does not prepare separate financial statements.

**Edgecombe County, North Carolina**  
**Edgecombe County Tourism Development Authority**  
**Supplemental Statement of Activities**  
**For the Year Ended June 30, 2020**  
**Exhibit F-2**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position <u>Governmental Activities</u>
<b>Governmental Activities:</b>		
Economic and physical development	\$ 70,103	\$ (70,103)
<b>General Revenues:</b>		
Occupancy taxes		90,539
Miscellaneous		3,350
Total general revenues		93,889
Change in net position		23,786
Net position, beginning of year		141,512
Net position, end of year		\$ 165,298

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

**Edgecombe County, North Carolina**  
**Edgecombe County Tourism Development Authority**  
**Supplemental Balance Sheet**  
**June 30, 2020**  
**Exhibit F-3**

**Assets**

Cash and cash equivalents	\$	135,435
Due from primary government		29,863
<hr/>		
Total assets	\$	165,298
<hr/>		

**Fund Balances**

Restricted:		
Stabilization by state statute	\$	29,863
Tourism promotion		135,435
<hr/>		
Total fund balances		165,298
<hr/>		
Total liabilities and fund balances	\$	165,298
<hr/>		

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

**Edgecombe County, North Carolina**  
**Edgecombe County Tourism Development Authority**  
**Supplemental Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
**Exhibit F-4**

<b>Revenues</b>	
Occupancy taxes	\$ 90,539
Miscellaneous	3,350
<hr/>	
Total revenues	93,889
<hr/>	
<b>Expenditures</b>	
Chamber of Commerce	22,200
Advertising and marketing	45,086
Other operating expenditures	2,817
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Total expenditures	70,103
<hr/>	
Net change in fund balance	23,786
<hr/>	
Fund balance, beginning of year	141,512
<hr/>	
Fund balance, end of year	\$ 165,298
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Note: This is a discretely presented component unit which does not prepare separate financial statements.



**Edgecombe County, North Carolina**  
**Edgecombe County Tourism Development Authority**  
**Supplemental Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**  
**Exhibit F-5**

	Original Budget	Final Budget	Actual	Variance with Final Positive (Negative)
<b>Revenues</b>				
Occupancy taxes	\$ 90,000	\$ 90,000	\$ 90,539	\$ 539
Miscellaneous	-	-	3,350	3,350
<b>Total revenues</b>	<b>90,000</b>	<b>90,000</b>	<b>93,889</b>	<b>3,889</b>
<b>Expenditures</b>				
Chamber of Commerce	45,150	45,150	22,200	22,950
Advertising and marketing	55,400	55,400	45,086	10,314
Other operating expenditures	6,200	6,200	2,817	3,383
<b>Total expenditures</b>	<b>106,750</b>	<b>106,750</b>	<b>70,103</b>	<b>36,647</b>
Revenues over (under) expenditures	(16,750)	(16,750)	23,786	40,536
Fund balance appropriated	16,750	16,750	-	(16,750)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	\$ 23,786	<u>\$ 23,786</u>
Fund balance, beginning of year			141,512	
Fund balance, end of year			<u>\$ 165,298</u>	

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

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## OTHER SCHEDULES

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

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Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy - County-wide Levy

Analysis of Current Tax Levy – Fire Districts

Analysis of Current Tax Levy- Secondary Market Disclosures

Ten Largest Taxpayers

Legal Debt Margin

Employees Health Insurance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

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**Edgecombe County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**  
**Exhibit G-1**

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 30,741,404	\$ 29,051,756	\$ 1,689,648
2018-2019	1,267,271	-	426,344	840,927
2017-2018	851,690	-	216,811	634,879
2016-2017	754,325	-	167,948	586,377
2015-2016	617,513	-	114,075	503,438
2014-2015	517,134	-	97,294	419,840
2013-2014	474,185	-	78,374	395,811
2012-2013	435,148	-	55,407	379,741
2011-2012	354,459	-	45,316	309,143
2010-2011	292,949	-	39,466	253,483
2009-2010	234,131	-	234,131	-
2008-2009	198,498	-	198,498	-
<b>Totals</b>	<b>5,997,303</b>	<b>30,741,404</b>	<b>30,725,420</b>	<b>6,013,287</b>
<b>Less allowance for uncollectible accounts</b>				<b>(1,758,018)</b>
<b>Ad valorem taxes receivable, net</b>				<b>\$ 4,255,269</b>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				30,890,115
Reconciling items:				
Interest and penalties collected				(562,115)
Refunds				5,130
Animal tax collections				(7,709)
Taxes written off - 10 Year Statute				432,629
Prior years releases and adjustments				(32,631)
<b>Total reconciling items</b>				<b>(164,695)</b>
<b>Total collections and credits</b>				<b>\$ 30,725,420</b>

**Edgecombe County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
**For the Year Ended June 30, 2020**  
**Exhibit G-2**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 3,028,423,408	0.95	\$ 28,770,022	\$ 25,074,467	\$ 3,695,555
Penalties			69,405	69,405	-
<b>Total</b>	<b>3,028,423,408</b>		<b>28,839,427</b>	<b>25,143,872</b>	<b>3,695,555</b>
Discoveries:					
Current year taxes	202,746,632	0.95	1,926,093	1,926,093	-
Penalties	-		29,629	29,629	-
<b>Total</b>	<b>202,746,632</b>		<b>1,955,722</b>	<b>1,955,722</b>	<b>-</b>
Abatements:					
Current year taxes	(5,657,404)	0.95	(53,745)	(36,673)	(17,072)
Prior year's taxes	-		-	-	-
<b>Total</b>	<b>(5,657,404)</b>		<b>(53,745)</b>	<b>(36,673)</b>	<b>(17,072)</b>
<b>Total property valuation</b>	<b>\$ 3,225,512,636</b>				
Net levy			30,741,404	27,062,921	3,678,483
Uncollected taxes at June 30, 2020			1,689,648	1,689,648	-
<b>Current year's taxes collected</b>			<b>\$ 29,051,756</b>	<b>\$ 25,373,273</b>	<b>\$ 3,678,483</b>
<b>Current levy collection percentage</b>			<b>94.50%</b>	<b>93.76%</b>	<b>100.00%</b>

**Edgecombe County, North Carolina**  
**Analysis of Current Tax Levy**  
**Fire Districts**  
**For the Year Ended June 30, 2020**  
**Exhibit G-3**

<b>Fire Protection District</b>	<b>Original Levy</b>	<b>Accounts Receivable</b>
Harrison	\$ 49,598	\$ 989
Tri-County	51,467	2,253
Davenport	32,835	2,273
Heartsease	161,994	3,494
Princeville	99,696	6,042
Speed	76,899	4,090
South Edgecombe	157,929	6,679
Macclesfield	51,430	1,513
Leggett	67,250	3,425
West Edgecombe	122,167	4,368
Lewis	49,760	2,324
Conetoe	112,741	7,929
Sharp Point	4,511	161
Pintain	7,811	392
<b>Total original levy</b>	<b>\$ 1,046,088</b>	<b>\$ 45,932</b>
<b>Less uncollected at June 30, 2020</b>	<b>45,932</b>	
<b>Current Year's Taxes Collected</b>	<b>\$ 1,000,156</b>	
<b>Percent Current Year Collected</b>	<b>95.60916%</b>	

In addition to the County-wide rate, the table shown above lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2020.

**Edgecombe County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-Wide Levy**  
**For the Year Ended June 30, 2020**  
**Exhibit G-4**

<b>Secondary Market Disclosures:</b>	<b>Levy</b>
Assessed Valuation:	
Assessment ratio*	100.00%
Real property	\$ 2,599,048,917
Personal property	437,437,652
Discoveries / Abatements	16,805,682
Motor Vehicles	389,005,807
Public service companies**	180,285,726
Less tax exempt property	(397,071,149)
Total assessed valuation	3,225,512,636
Tax rate per \$100	0.95
Tax levy (including discoveries, releases, and abatements)***	\$ 30,642,370
Interest and penalties	99,034
Net levy	\$ 30,741,404

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2020:

Fire protection districts	\$ 1,046,088
---------------------------	--------------

\* Percentage of appraised value has been established by statute.

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

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



**Edgecombe County, North Carolina**  
**Ten Largest Taxpayers**  
**For the Year Ended June 30, 2020**  
**Exhibit G-5**

<b>Taxpayer</b>	<b>Assessed Valuation</b>	<b>Percent of Total Assessed Valuation</b>
QVC of Rocky Mount, Inc.	\$ 78,646,294	2.44%
Hillshire Brands	79,670,322	2.47%
Carolina System Technology, Inc.	68,310,200	2.12%
LS Cable & System USA, Inc. (Superior Essex Energy)	31,330,938	0.97%
Dominion NC Power	28,187,241	0.87%
Edgecombe Genco, LLC	27,978,304	0.87%
Edgecombe Martin Co. EMC	26,403,219	0.82%
Conetoe II Solar, LLC	27,498,076	0.85%
CSX Transportation	21,407,553	0.66%
Piedmont Natural Gas Co., Inc.	22,596,807	0.70%
<b>TOTAL</b>	<b>\$ 412,028,954</b>	<b>12.77%</b>
<b>Total Assessed Valuation</b>	<b>\$ 3,225,512,636</b>	<b>100.00%</b>

**Edgecombe County, North Carolina**  
**Legal Debt Margin**  
**June 30, 2020**  
**Exhibit G-6**

Assessed value of taxable property	\$ 3,225,512,636
Debt limit per G.S. 159-55	8.00%
<hr/>	
Total	258,041,011
Gross debt:	
Government Activities	
Limited obligation bonds	4,546,800
General obligation bonds	4,660,000
Installment purchases	25,182,652
Notes payable	-
Water & Sewer Funds	
Limited obligation bonds	8,083,200
General obligation bonds	3,348,000
Notes payable	1,116,541
Revenue Bonds	1,684,000
Solid Waste Fund	
Notes payable	110,320
<hr/>	
Total gross debt	48,731,513
Less: Debt incurred for water activities	
Limited obligation bonds	(8,083,200)
General obligation bonds	(3,348,000)
Notes payable	(1,116,541)
Revenue Bonds	(1,684,000)
<hr/>	
Total debt incurred for water activities	(14,231,741)
<hr/>	
Total amount of debt applicable to debt limit (net debt)	34,499,772
<hr/>	
Bonds authorized but unissued	(885,000)
Notes payable authorized but unissued	(215,000)
<hr/>	
Legal debt margin	\$ 222,441,239
<hr/>	

**Edgecombe County, North Carolina**  
**Employee Health Insurance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
**Exhibit G-7**

	Actual
<b>Revenues</b>	
Health insurance premiums	\$ 3,999,256
<b>Total revenues</b>	<b>3,999,256</b>
<b>Expenditures</b>	
General Government:	
Claims incurred	2,124,336
Prescription benefits	658,280
Claims incurred but not reported	123,602
Administrative costs	1,474,490
<b>Total expenditures</b>	<b>4,380,708</b>
Revenues over (under) expenditures	(381,452)
Net change in fund balance	(381,452)
Fund balances, beginning of year, as previously reported	(183,295)
Prior period adjustment	(3,675)
Fund balance, beginning of year, as adjusted	(186,970)
Fund balance, end of year	\$ (568,422)

**Edgecombe County, North Carolina**  
**Proprietary Funds – Water and Sewer Districts**  
**Combining Statement of Fund Net Position – By District**  
**June 30, 2020**  
**Exhibit G-8**

	Water and Sewer District #1	Water and Sewer District #2	Water and Sewer District #3
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables, net	-	-	-
Due to from other funds	4,557,508	3,465,039	590,629
<b>Total current assets</b>	<b>4,557,508</b>	<b>3,465,039</b>	<b>590,629</b>
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets:			
Land and construction in progress	28,292	-	-
Other capital assets	10,598,542	8,502,254	9,109,211
Less accumulated depreciation	(4,037,019)	(2,876,410)	(2,776,483)
<b>Total capital assets</b>	<b>6,589,815</b>	<b>5,625,844</b>	<b>6,332,728</b>
<b>Total noncurrent assets</b>	<b>6,589,815</b>	<b>5,625,844</b>	<b>6,332,728</b>
<b>Total assets</b>	<b>11,147,323</b>	<b>9,090,883</b>	<b>6,923,357</b>
<b>Deferred Outflows of Resources</b>			
Deferred cost of refunding	-	-	-
Pension deferrals	-	-	-
OPEB deferrals	-	-	-
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	-
Customer deposits	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Accrued interest	6,053	9,672	450
Notes payable - current	17,174	-	-
Revenue bonds payable - current	-	-	-
General obligation bonds payable - current	-	-	-
Limited obligation bonds - current	293,880	90,000	135,920
<b>Total current liabilities</b>	<b>317,107</b>	<b>99,672</b>	<b>136,370</b>
Long-term liabilities:			
Compensated absences	-	-	-
Total OPEB liability	-	-	-
Net pension liability - LGERS	-	-	-
Notes payable	240,435	-	-
Revenue bonds payable	-	-	-
General obligation bonds payable	-	-	-
Premium on bonds	158,398	156,191	86,976
Limited obligations bonds	1,533,400	2,830,000	-
<b>Total long-term liabilities</b>	<b>1,932,233</b>	<b>2,986,191</b>	<b>86,976</b>
<b>Total liabilities</b>	<b>2,249,340</b>	<b>3,085,863</b>	<b>223,346</b>
<b>Deferred Inflows of Resources</b>			
Pension deferrals	-	-	-
OPEB deferrals	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position</b>			
Net investment in capital assets	4,346,528	2,549,653	6,109,832
Unrestricted	4,551,455	3,455,367	590,179
<b>Total net position</b>	<b>\$ 8,897,983</b>	<b>\$ 6,005,020</b>	<b>\$ 6,700,011</b>

**Edgecombe County, North Carolina**  
**Proprietary Funds – Water and Sewer Districts**  
**Combining Statement of Fund Net Position – By District**  
**June 30, 2020**  
**Exhibit G-8**

Water and Sewer District #4	Water and Sewer District #5	Water and Sewer District #6	Water Districts Capital Projects Funds	Water and Sewer Operations Fund	Eliminations	Total
\$ -	7,027	\$ -	\$ -	\$ -	\$ -	\$ 7,027
-	-	-	-	827,924	-	827,924
3,488,831	6,246,999	-	-	-	(18,349,006)	-
3,488,831	6,254,026	-	-	827,924	(18,349,006)	834,951
-	-	-	110,603	343,075	-	453,678
-	-	23,700	817,768	869,760	(869,760)	869,760
9,122,714	26,736,281	2,968,102	-	67,037,104	(67,037,104)	67,037,104
(1,150,124)	(3,809,493)	(499,171)	-	(15,148,700)	15,148,700	(15,148,700)
7,972,590	22,926,788	2,492,631	817,768	52,758,164	(52,758,164)	52,758,164
7,972,590	22,926,788	2,492,631	928,371	53,101,239	(52,758,164)	53,211,842
11,461,421	29,180,814	2,492,631	928,371	53,929,163	(71,107,170)	54,046,793
-	-	-	-	81,750	-	81,750
-	-	-	-	90,651	-	90,651
-	-	-	-	4,669	-	4,669
-	-	-	-	177,070	-	177,070
-	-	-	-	34,456	-	34,456
-	-	-	-	133,012	-	133,012
-	-	1,403,994	1,299,230	15,544,342	(17,766,104)	481,462
-	-	-	-	10,263	-	10,263
8,645	13,727	-	-	-	-	38,547
-	48,735	7,197	-	7,197	(7,197)	73,106
-	33,000	-	-	-	-	33,000
58,000	-	-	-	-	-	58,000
-	85,000	-	-	-	-	604,800
66,645	180,462	1,411,191	1,299,230	15,729,270	(17,773,301)	1,466,646
-	-	-	-	43,664	-	43,664
-	-	-	-	176,652	-	176,652
-	-	-	-	151,574	-	151,574
-	731,031	71,969	-	71,969	(71,969)	1,043,435
-	1,651,000	-	-	-	-	1,651,000
3,290,000	-	-	-	-	-	3,290,000
-	167,245	-	-	-	-	568,810
-	3,115,000	-	-	-	-	7,478,400
3,290,000	5,664,276	71,969	-	443,859	(71,969)	14,403,535
3,356,645	5,844,738	1,483,160	1,299,230	16,173,129	(17,845,270)	15,870,181
-	-	-	-	4,993	-	4,993
-	-	-	-	41,260	-	41,260
-	-	-	-	46,253	-	46,253
4,624,590	17,095,777	2,413,465	817,768	52,678,998	(52,678,998)	37,957,613
3,480,186	6,240,299	(1,403,994)	(1,188,627)	(14,792,147)	(582,902)	349,816
\$ 8,104,776	\$ 23,336,076	\$ 1,009,471	\$ (370,859)	\$ 37,886,851	\$ (53,261,900)	\$ 38,307,429

**Edgecombe County, North Carolina**  
**Proprietary Funds – Water and Sewer Districts**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**  
**Exhibit G-9**

	Water and Sewer District #1	Water and Sewer District #2	Water and Sewer District #3
<b>Operating Revenues</b>			
Charges for services	\$ 1,092,178	\$ 922,812	\$ 469,878
Water taps	94,531	-	-
Sewer taps	2,967	-	-
Administration fees	-	-	-
Other operating revenues	-	-	-
<b>Total operating revenues</b>	<b>1,189,676</b>	<b>922,812</b>	<b>469,878</b>
<b>Operating Expenses</b>			
Salaries and employee benefits	163,636	138,260	70,399
Water purchases	317,872	268,579	136,756
Water and sewer operations	139,061	117,497	59,827
Sewer costs	117,690	99,440	50,633
Depreciation	233,257	170,511	182,235
<b>Total operating expenses</b>	<b>971,516</b>	<b>794,287</b>	<b>499,850</b>
Operating income (loss)	218,160	128,525	(29,972)
<b>Non-Operating Revenues (Expenses)</b>			
Investment earnings	-	-	-
Interest expense	(85,649)	(123,436)	(15,381)
<b>Total non-operating revenue (expense)</b>	<b>(85,649)</b>	<b>(123,436)</b>	<b>(15,381)</b>
Income (loss) before transfers and capital contributions	132,511	5,089	(45,353)
Transfers in (out)	317,904	203,575	230,401
Capital contributions			
Federal and State grants	-	-	-
Change in net position	450,415	208,664	185,048
<b>Total net position, beginning of year</b>	<b>8,447,568</b>	<b>5,796,356</b>	<b>6,514,963</b>
<b>Total net position, beginning of year</b>	<b>8,447,568</b>	<b>5,796,356</b>	<b>6,514,963</b>
<b>Net position, end of year</b>	<b>\$ 8,897,983</b>	<b>\$ 6,005,020</b>	<b>\$ 6,700,011</b>

**Edgecombe County, North Carolina**  
**Proprietary Funds – Water and Sewer Districts**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2020**  
**Exhibit G-9**

Water and Sewer District #4	Water and Sewer District #5	Water and Sewer District #6	Water Districts Capital Projects Funds	Water and Sewer Operations Fund	Eliminations	Total
\$ 234,657	\$ 842,057	\$ 673,053	\$ -	\$ 4,234,635	\$ (4,234,635)	\$ 4,234,635
-	-	-	-	94,531	(94,531)	94,531
-	-	-	-	2,967	(2,967)	2,967
-	-	2,400	-	2,400	(2,400)	2,400
-	-	-	-	14,000	-	14,000
234,657	842,057	675,453	-	4,348,533	(4,334,533)	4,348,533
35,157	126,161	100,840	-	666,219	(666,219)	634,454
68,296	245,077	195,889	-	1,232,470	(1,232,470)	1,232,470
29,878	107,215	85,696	-	539,176	(539,176)	539,174
25,286	90,738	72,526	-	456,312	(456,312)	456,312
182,954	565,340	101,561	-	1,435,858	(1,435,858)	1,435,858
341,571	1,134,531	556,512	-	4,330,035	(4,330,035)	4,298,268
(106,914)	(292,474)	118,941	-	18,498	(4,498)	50,265
-	-	-	1,431	1,169	-	2,600
(110,485)	(174,757)	-	-	-	-	(509,708)
(110,485)	(174,757)	-	1,431	1,169	-	(507,108)
(217,399)	(467,231)	118,941	1,431	19,667	(4,498)	(456,843)
166,630	336,503	7,197	(817,767)	(444,443)	-	-
-	-	-	1,953,615	-	-	1,953,615
(50,769)	(130,728)	126,138	1,137,279	(424,776)	(4,498)	1,496,772
8,155,545	23,466,804	883,333	(1,508,138)	38,311,627	(53,257,401)	36,810,657
8,155,545	23,466,804	883,333	(1,508,138)	38,311,627	(53,257,401)	36,810,657
\$ 8,104,776	\$ 23,336,076	\$ 1,009,471	\$ (370,859)	\$ 37,886,851	\$ (53,261,899)	\$ 38,307,429

# **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  
Edgecombe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edgecombe County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Edgecombe County basic financial statements, and have issued our report thereon dated February 22, 2022. Our report includes a reference to other auditors who audited the financial statements of the Edgecombe County ABC Board, as described in our report on the Edgecombe 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 the Edgecombe County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Edgecombe County's internal control over financial reporting (internal control) as a basis for designing 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 Edgecombe 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 did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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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 [2020-001, 2020-002, 2020-003 and 2020-006] to be material weaknesses.

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 [2020-004, 2020-005] to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgecombe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items [2020-002, 2020-003, 2020-004, 2020-005].

#### Edgecombe County's Response to Findings

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

#### Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
February 22, 2022



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

**Independent Auditors' Report**

To the Board of County Commissioners  
Edgecombe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Edgecombe County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Edgecombe County's major federal programs for the year ended June 30, 2020. Edgecombe County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Edgecombe 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 Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Edgecombe 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 Edgecombe County's compliance.

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### Opinion on Each Major Federal Program

In our opinion, Edgecombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2020-007, 2020-008, 2020-009]. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2020-007, 2020-008, 2020-009] that we consider to be significant deficiencies.

Edgecombe County's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Edgecombe 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

Whiteville, NC

February 22, 2022



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**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**

**Independent Auditors' Report**

To the Board of County Commissioners  
Edgecombe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Edgecombe County, North Carolina's, 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 Edgecombe County's major state programs for the year ended June 30, 2020. Edgecombe County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

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

Members

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### Opinion on Each Major State Program

In our opinion, Edgecombe 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, 2020.

### Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2020-007, 2020-008, 2020-009]. Our opinion on each major federal program is not modified with respect to these matters.

The Edgecombe County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Edgecombe 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 Edgecombe 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 Edgecombe County's internal control over compliance with the types of requirements that could have and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2020-007, 2020-008, 2020-009, 2020-010] that we consider to be significant deficiencies.

Edgecombe County's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. Edgecombe 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

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

Whiteville, NC

February 22, 2022



Edgecombe County, North Carolina  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2020

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Section I. Summary of Auditors' Results

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Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified?   X  yes   no
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X  yes   none reported
- Noncompliance material to financial statements noted   X  yes   no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified?   yes   X  no
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X  yes   none reported

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Names of Federal Program or Cluster</u>
10.561	Supplemental Nutrition Assist. Program
10.760	Water and Waste Disposal Systems for Rural Communities
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee?   yes   X  no



Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings (continued)

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**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2019-001.

**Recommendation:** The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for timely account reconciliations, year-end close and annual financial reporting purposes. Management should consult with outside accountants or auditors if additional assistance is required in order to prepare for the annual audit, determined appropriated accounting for complex transactions, or prepare the financial statements.

**Views of responsible officials:** The County agrees with this finding. Please refer to the corrective action plan for details.

**Finding 2020-002**

**Budget Violation / Unbalanced Budgets**

MATERIAL WEAKNESS / MATERIAL NONCOMPLIANCE

**Criteria:** G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. G.S. 159-8(a) states that each local government shall operate under an annual balanced budget. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

**Condition:** The budget was not tracked appropriately in the accounting software used by the County, and budget amendments were not entered into the software correctly, thereby creating unbalanced budgets. The following funds presented unbalanced budgets: General Fund, Emergency Telephone System Fund, Economic Development and Housing Recovery Fund, Community Development Block Grant Fund, School Capital Project Fund, Water District Capital Projects Fund, and Solid Waste Fund.

**Effect:** Moneys could be spent that had not been obligated and appropriated. If the Board uses budget to actual statements to make decisions on approving expenditures and the budget is not reflected correctly, they could be appropriating funds that were not available. Based on the budget provided, expenditures exceeded the amounts approved as follows: General Fund - Education \$853,372; Water District Capital Project Fund \$284,842; School Capital Project Fund \$51,337; Fire Districts Fund \$29,971.

**Cause:** The County did not properly adopt and record budget amendments for the revenues and expenditures for those functions and funds.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2019-002.

**Recommendation:** The County should evaluate the allocation of internal resources dedicated to ensuring that the budget is reflected correctly in the financial reporting software. Multi-year project funds need to be evaluated and appropriate adjustments need to be approved and posted to correct both the budget and actual numbers reflected in the software to close out completed projects.

**Views of responsible officials:** The County agrees with this finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings (continued)

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**Finding 2020-003**

**Self-Insurance Reserves**

MATERIAL WEAKNESS / NONCOMPLIANCE

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

**Condition:** The County's recorded IBNR at June 30, 2020 was performed by a third party benefits specialist but was not performed on an actuarial basis or by an actuary.

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

**Cause:** The County did not reach out to an actuarial firm to perform the analysis.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2019-003.

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

**Views of responsible officials:** The County agrees with this finding. Please refer to the corrective action plan for details.

**Finding 2020-004**

**Bond Covenant Compliance**

SIGNIFICANT DEFICIENCY / NONCOMPLIANCE

**Criteria:** Management should have a system in place to ensure compliance with bond covenants. The bond orders require the net revenue for each fiscal year be no less than 110% of the revenue bond debt service requirements and no less than 100% of the debt service requirements of any general obligation bonds and installment financing obligations of the Water District No.5.

**Condition:** The County defaulted on its debt covenant as to the debt service coverage ratio of the bond orders authorizing the issuance of the Water District No. 5 Revenue Bonds.

**Effect:** The County was not in compliance with its debt service covenants associated with the revenue bonds.

**Cause:** Management was not able to attain compliance with the debt covenant. The County did not meet the requirement with respect to the total general obligation bond and installment financing obligations.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2019-004.

Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings (continued)

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**Recommendation:** The County should obtain recommendations regarding revisions of the schedule of services charges and improvements in the operation of or services rendered by the system so that they may meet the required debt coverage amounts in the future.

**Views of responsible officials:** The County agrees with this finding. Please refer to the corrective action plan for details.

**Finding 2020-005** **Late Submission of Audit and Data Collection Form**

SIGNIFICANT DEFICIENCY / NONCOMPLIANCE

**Criteria:** The county is required to submit a single audit reporting package and data collection form to the Federal Audit Clearinghouse by the due date, which is 30 days after receipt of the auditor's report, or 9 months after the end of the fiscal year, whichever comes first.

**Condition:** The County failed to submit the audit report and Data Collection Form by the due date.

**Effect:** The Federal and State authorities did not get the information they needed concerning the prior year's audit reports timely.

**Cause:** The County has had significant turnover, and the audits have been submitted late over the past several years.

**Recommendation:** The County should ensure that all efforts are made to complete the audits timely.

**Views of responsible officials:** The county agrees with the finding. Please refer to the corrective action plan for details.

**Finding 2020-006** **Prior Period Adjustments**

MATERIAL WEAKNESS

**Criteria:** AU-C 260 requires communication of certain matters related to internal control over financial reporting.

**Condition:** The County has recorded prior period adjustments to correct opening cash balances, sale tax accruals in the general fund, and construction in progress for the Kingsboro Industrial Park project. The net effect of these adjustments on fund balances totaled \$773,866.

**Effect:** Management may not receive accurate information to base decisions appropriately for planning and budgeting purposes.

**Cause:** The County's internal control system over financial reporting did not prevent and detect the misstatement timely.

Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings (continued)

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**Recommendation:** The design or operation of the internal control system should be reviewed and adjusted to ensure the effectiveness and efficiency.

**Views of responsible officials:** The county agrees with the finding. Please refer to the corrective action plan for details.

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Section III. Federal Award Findings

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**US Department of Health and Human Services**

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

**Finding: 2020-007** **IV-D Non-Cooperation**

SIGNIFICANT DEFICENCY/ NONCOMPLIANCE

ELIGIBILITY

**Criteria:** The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determine Medicaid eligibility.

**Condition:** There were eleven errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made. Of these, three beneficiaries received assistance for which the recipient was not eligible.

**Questioned Costs:** \$1,256. This amount was determined by totaling all the aid received by the ineligible beneficiaries for all claims during the fiscal year ending 6/30/2020 which had dates of service occurring within the certification period in question.

**Context:** We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

**Effect:** For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.

**Cause:** Error in reading the ACTS report and/or ineffective case review process.

**Recommendation:** Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determine eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section III. Federal Award Findings (continued)

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**Views of responsible officials and planned corrective actions:** The county agrees with the finding. Please refer to the corrective action plan for details.

**US Department of Health and Human Services**

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

**Finding: 2020-008**

**Inaccurate Information Entry**

SIGNIFICANT DEFICIENCY/ NONCOMPLIANCE

ELIGIBILITY

**Criteria:** In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

**Condition:** There were twenty errors discovered during our procedures that inaccurate information was entered when determining eligibility. Of these, one beneficiary received assistance for which the recipient was not eligible.

**Questioned Costs:** \$52. This amount was determined by totaling all the aid received by the ineligible beneficiaries for all claims during the fiscal year ending 6/30/2020 which had dates of service occurring within the certification period in question.

**Context:** We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial 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 and a participant could have been approved for benefits for which they were not eligible.

**Cause:** Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

**Recommendation:** Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section III. Federal Award Findings (continued)

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**Views of responsible officials and planned corrective actions:** The county agrees with the finding. Please refer to the corrective action plan for details.

**US Department of Health and Human Services**

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

**Finding: 2020-009**

**Inaccurate Resource Calculation**

SIGNIFICANT DEFICIENCY/ NONCOMPLIANCE

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 eleven 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. Of these, one beneficiary received assistance for which the recipient was not eligible.

**Questioned Costs:** \$9,555. This amount was determined by totaling all the aid received by the ineligible beneficiaries for all claims during the fiscal year ending 6/30/2020 which had dates of service occurring within the certification period in question.

**Context:** We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

**Effect:** For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.

**Cause:** Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

**Recommendation:** Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.



Edgecombe County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section III. Federal Award Findings (continued)

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**Views of responsible officials and planned corrective actions:** The county agrees with the finding. Please refer to the corrective action plan for details.

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Section IV. State Award Findings

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Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA# 93.778

**SIGNIFICANT DEFICIENCY/ NONCOMPLIANCE:** Finding 2020-007, 2020-008, 2020-009 also apply to State requirements and State Awards.

**NC Department of Public Instruction**

Program Name: Public School Building Capital Fund

**Finding: 2020-010** **Cash Management**

**SIGNIFICANT DEFICIENCY**

**Criteria:** The Department of Public Instruction transfers funds from the State's Public School Building Capital Fund account to the County's disbursing account in the State Treasurer's Office for approved capital building projects. The County is required to reconcile the monthly balances in the disbursing account to the General Ledger.

**Condition:** The disbursing account balance in not reconciled each month. Activity occurred that is not posted in the ledger of the County.

**Effect:** The County's management and other users of the financial statements do not have accurate and timely information to track the State funds used on the capital building projects. Errors in financial reporting could occur and not be detected.

**Cause:** Management oversight of the State pass-through funds requirement.

**Recommendation:** Management should review the grant compliance requirements carefully to ensure funds are properly recorded and accounted for.

**Views of responsible officials and planned corrective actions:** The county agrees with the finding. Please refer to the corrective action plan for details.



# Edgecombe County

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Corrective Action Plan  
For the Year Ended June 30, 2020

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## Section II - Financial Statement Findings

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### **Finding: 2020-001                      Reconciliation of Records and Reporting**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** The County has made investments to increase staff capacity. We added two positions to the Finance Department, contracted with an accounting professional, and realigned duties among our staff to increase efficiency while maintaining proper separation of duties. More specifically:

- We hired a Grant Administrator/Accountant in December of 2020 to perform account reconciliations, track grant projects, and serve as a back-up for other key functions in the Finance Department.
- In December of 2021, the Board approved the addition of an Accounting Specialist position for Finance. This position was created to assist with monthly closing procedures, including bank reconciliations, provide back-up to accounts receivables; and provide other accounting functions as needed. This position was filled in January 2022.
- We contracted with an experienced accounting professional with nearly thirty years in local government finance, to assist us with identifying and addressing changes needed with our financial processes. She is also serving as our Project Director to oversee the completion of the past due FY-20 and FY-21 audits and timely completion of the FY-22 audit. This includes setting timelines, identifying and eliminating obstacles, and performing detailed tasks as needed.

**Proposed Completion Date:** March 30, 2022 for FY-20 and FY-21 audits. May 31, 2022 to bring all accounts and reconciliations current. December 1, 2022 for completion of FY-22 audit.

### **Finding: 2020-002                      Budget Violation / Unbalanced Budgets**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** Finance Department staff will develop a budget tracking and monitoring process to ensure that all budget amendments approved by the Board of Commissioners are properly posted and a monthly budget reconciliation performed.

The multi-year fund budget issues partially result from system (MUNIS) issues. The County will seek assistance from MUNIS to correct budget amounts and process budget roll-overs correctly.

Many of the budget amendments made throughout the year result from grant carryovers where the grants extend beyond a fiscal year. Finance staff plan to recommend to the Board of Commissioners that a multi-year Grants Fund be used to capture these types of grants rather than budgeting them in the annual appropriated General Fund. This change will result in fewer budget amendments and more consistency in the activities included in the General Fund.



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Corrective Action Plan  
For the Year Ended June 30, 2020

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## Section II - Financial Statement Findings (continued)

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**Proposed Completion Date:** March 31, 2022

**Finding: 2020-003                      Self-Insurance Reserves**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** The County has executed an agreement with Cavanaugh Macdonald Consulting, LLC to provide this estimate on an actuarial basis.

**Proposed Completion Date:** March 31, 2022

**Finding: 2020-004                      Bond Covenant Compliance**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** The County has already appropriated funds to meet the minimum debt service escrow requirement. We have previously received notice from USDA-Rural Development staff that this bond covenant is no longer necessary. We will follow-up with USDA to complete the process to prepare the necessary documents to remove that covenant. The Board approved a marginal rate increase in FY-21.

**Proposed Completion Date:** June 30, 2022

**Finding: 2020-005                      Late Submission of Audit and Data Collection Form**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** The Corrective Actions noted for Findings 2020-001 and 2020-002 will ensure that fiscal year audits and data collections are completed on a timely basis.

**Proposed Completion Date:** March 30, 2022 for FY-20 and FY-21 audits. May 31, 2022 to bring all accounts and reconciliations current. December 1, 2022 for completion of FY-22 audit.

**Finding: 2020-006                      Prior Period Adjustments**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** As noted on Findings 2020-001 and 2020-002, the County has increased Finance staff capacity and is improving processes and account monitoring / reconciliations procedures that will ensure accuracy of financial transactions, particularly those at the end of a fiscal year.

**Proposed Completion Date:** June 30, 2022



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## Corrective Action Plan For the Year Ended June 30, 2020

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### Section III - Federal Award Findings and Question Costs

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#### **Finding: 2020-007**

#### **IV-D Non-Cooperation**

**Name of contact person:** Barbara Batts & Shurruh Atkinson/ Family & Children Medicaid Supervisors

**Corrective Action:** Barbara Batts & Shurruh Atkinson will retrain all Family & Children Medicaid staff on the importance of following MA-3365 Child Support Policy in making referrals to Child Support to avoid issuing benefits to ineligible participants. Child Support referrals will be made on all cases in error and case notes documented in NC FAST. to prevent recurring errors in the future, Supervisors and Quality Control staff will review a monthly sample of cases to ensure proper information is in place and necessary procedures are taken when determining eligibility.

**Proposed Completion Date:** Training and corrections to cases will be completed January 15, 2021. Case record reviews are currently being conducted and will be on-going.

#### **Finding: 2020-008**

#### **Inaccurate Information Entry**

**Name of contact person:** Barbara Batts, Shurruh Atkinson, Virginia Ewuell, Nellie Rodgers/Medicaid Supervisors

**Corrective Action:** Files will be reviewed internally by Medicaid Supervisors and Quality Control Workers to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. All files will include online verifications, documented resources of income and those amounts will match information in NC FAST. The results found or documentation made in case notes will clearly indicate what actions were performed and the results of those actions.

**Proposed Completion Date:** Training and corrections to cases will be completed January 15, 2021. Case record reviews are currently being conducted and will be on-going.

#### **Finding: 2020-009**

#### **Inaccurate Resource Calculation**

**Name of contact person:** Barbara Batts, Shurruh Atkinson, Virginia Ewuell, Nellie Rodgers/Medicaid Supervisors

**Corrective Action:** Files will be reviewed internally by Medicaid Supervisors and Quality Control Workers to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. All files will include online verifications, documented resources of income and those amounts will match information in NC FAST. The results found or documentation made in case notes will clearly indicate what actions were performed and the results of those actions.

**Proposed Completion Date:** Training and corrections to cases will be completed January 15, 2021. Case record reviews are currently being conducted and will be on-going.



# Edgecombe County

County Administration Building  
201 St. Andrew St., PO Box 10 Tarboro, NC 27886  
252-641-7834 · Fax 252-641-0456  
[www.edgecombecountync.gov](http://www.edgecombecountync.gov)

Corrective Action Plan  
For the Year Ended June 30, 2020

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## Section IV - State Award Findings and Question Costs

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Corrective actions for finding 2020-007, 2020-008 and 2020-009 also apply to the State Award findings.

**Finding: 2020-010**                      **Cash Management - Public School Building Capital Fund**

**Name of contact person:** Katherine Walters, Finance Director

**Corrective Action:** The Finance Department was made aware of the requirements of recording the drawdowns in the County's ledgers even though the cash is sent directly to the schools from the state. The amounts are properly recorded in the FY-21 financial records.

**Proposed Completion Date:** February 28, 2022.

Edgecombe County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2020

2019-001	Key Account Reconciliations
Status	Repeated as finding 2020-001
2019-002	Fund Balance and Budget Stewardship and Compliance
Status	Repeated as finding 2020-002
2019-003	Self-Insurance Reserves
Status	Repeated as finding 2020-003
2019-004	Bond Covenant Compliance
Status	Repeated as finding 2020-004
2019-005	Information Technology
Status	Corrected.

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
<b>Federal Awards:</b>					
<b>U.S. Department of Agriculture</b>					
<u>Food and Nutrition Program:</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster	10.561		\$ 636,120	\$ -	\$ -
Total SNAP Cluster			636,120	-	-
Division of Public Health:					
Special Supplemental Nutrition Program for Women, Infants and Children - Administration	10.557		326,226	-	-
Total Division of Public Health			326,226	-	-
Passed-through N.C. Rural Economic Development Center:					
Water and Waste Program Cluster					
Water and Waste Disposal Systems for Rural Communities -Loan	10.760		796,236	-	-
Total N.C. Rural Economic Development Center			796,236	-	-
Total U.S. Department of Agriculture			1,758,582	-	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Justice</b>					
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001		\$ 13,927	\$ -	\$ -
Total U.S. Department of Justice			13,927	-	-
<b>U.S. Department of Housing and Urban Development</b>					
Passed-through N.C. Department of Environmental Quality:					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
Speed Sewer line	14.228	14-I-2654	13,121	-	-
Passed-through N.C. Department of Public Safety:					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii					
Speed Sewer line	14.228		211,031	-	-
Passed-through N.C. Housing Finance Agency					
Home Investment Partnership Program					
2016 Single Family Rehabilitation Loan Pool	14.239		29,378	-	-
Total U.S. Department of Housing and Urban Development			253,530	-	-



**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 3 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Division of Emergency Management					
Hazard Mitigation Grant	97.039		\$ 104,407	\$ 34,802	\$ -
Emergency Management Performance Grants	97.042		19,452	19,452	-
<b>Total U.S. Department of Transportation</b>			<b>123,859</b>	<b>54,254</b>	<b>-</b>
<b>U.S. Department of Health &amp; Human Services</b>					
Division of Social Services:					
Temporary Assistance for Needy Families Cluster					
Temporary Assistance for Needy Families (TANF) / Work First Admin	93.558		107,901	-	-
Temporary Assistance for Needy Families (TANF) / Work First Service	93.558		885,729	-	-
Division of Public Health					
Temporary Assistance for Needy Families	93.558		21,187	-	-
<b>Total TANF Cluster</b>			<b>1,014,817</b>	<b>-</b>	<b>-</b>
Foster Care and Adoption Cluster (Note 4)					
Title IV-E Foster Care/ Officer Training	93.658		161,802	-	-
Title IV-E Child Protective Services	93.658		81,358	47,379	-
Title IV-E Family Foster Max	93.658		645	-	-
Title IV-E - Foster Care and Extend Max	93.658		96,253	20,371	
Title IV-E - Foster Care and Extend Reg	93.658		69,983	17,283	
Title IV-E Admin County Paid To Foster Care	93.658		781	390	-
Title IV-E Admin State Paid To Foster Care	93.658		87,105	-	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 4 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Title IV-E Adoption	93.658		\$ 108	\$ -	\$ -
FOS/PAR.FING. & Crime HIS	93.658		-	30	-
Adoption Assistance - Administration Training	93.659		7,756	-	-
Total Foster Care and Adoption Cluster (Note 4)			505,791	85,453	-
Child Support Enforcement IV-D Administration	93.563		1,131,293	(920)	-
Promoting Safe and Stable Families	93.556		4,676	-	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		1,040	-	-
Low-Income Home Energy Assistance Administration	93.568		83,550	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		428,016	-	-
Crisis Intervention Payments	93.568		468,064	-	-
Total Low-Income Home Energy Assistance			979,630	-	-
Stephanie Tubbs Jones Child Welfare Services Program Permanency Planning - Families for Kids	93.645		13,016	-	-
Social Services Block Grant (SSBG) Other Services and Training	93.667		303,347	-	-
Division of Aging and Adult Services: Social Services Block Grant (SSBG) Adult Day Care	93.667		12,110	10,360	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 5 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Social Services Block Grant (SSBG) Adult Protective Services	93.667		\$ 21,444	\$ -	\$ -
Social Services Block Grant (SSBG) In-Home Services Fund	93.667		4,551	-	-
Social Services Block Grant (SSBG) In-Home Services over 60	93.667		6,381	-	-
Social Services Block Grant (SSBG) Child Support Adoption	93.667		-	(460)	-
Passed-through Upper Coastal Plain Council of Governments SSBG - In-Home Service	93.667		26,376	754	-
<b>Total Social Service Block Grant (SSBG) - In Home Services</b>			<b>374,209</b>	<b>10,654</b>	<b>-</b>
John H. Chafee Foster Care Program for Successful Transition to Adulthood					
Independent Living Transitional Program	93.674		5,265	-	-
Links	93.674		8,539	2,135	-
<b>Total John H. Chafee Foster Care Program for Successful Transition to Adulthood</b>			<b>13,804</b>	<b>2,135</b>	<b>-</b>
Administration for Children and Families Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596		114,379	-	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 6 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Passed-through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration - Medical Assistance Program	93.778		\$ 1,952,584	\$ 9,744	\$ -
<b>Total Medical Assistance Program - Medicaid Cluster</b>			<b>1,952,584</b>	<b>9,744</b>	<b>-</b>
Division of Social Services:					
Children's Insurance Program - NC Health Choice - Administration	93.767		32,890	5	-
Passed-through N.C. Department of Health and Human Services:					
Division of Public Health					
Hospital Preparedness Program (HPP) and Public Health					
Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		31,950	-	-
Project Grants and Cooperative Agreements for					
Tuberculosis Control Programs	93.116		27,433	-	-
Family Planning Services	93.217		59,991	-	-
Immunization Cooperative Agreements	93.268		22,918	-	-
Teenage Pregnancy Prevention Program - Project Reach	93.297		182,151	-	-
COVID-19 - Public Health Emergency Response: Cooperative Agreement					
for Emergency Response: Public Health Crisis Response	93.354		63,731	-	-
Cancer Prevention and Control Programs for State,					
Territorial and Tribal Organizations	93.898		4,225	-	-
Healthy Start Initiative	93.926		88,329	-	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 7 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
Preventive Health and Health Services Block Grant	93.991		\$ 35,923	\$ -	\$ -
Maternal and Child Health Services Block Grant	93.994		148,038	34,777	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		100	-	-
Total Passed-through N.C. Department of Health and Human Services			664,789	34,777	-
Passed-through Upper Coastal Plain Council of Governments					
Division of Aging and Adult Services					
Aging Cluster					
Special Programs for the Aging - Title III B					
Grants for Supportive Services and Senior Centers	93.044		105,515	6,207	-
Special Programs for the Aging - Title III C					
Nutrition Services	93.045		170,841	8,535	-
Nutrition Services Incentive Program	93.053		23,926	-	-
Total Aging Cluster			300,282	14,742	-
Total U.S. Department of Health and Human Services			7,103,200	156,590	-
Total Federal Awards			\$ 9,253,098	\$ 210,844	\$ -

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 8 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
<b>State Awards:</b>					
N.C. Department of Agriculture Stream Debris Removal			\$ -	\$ 348,719	\$ -
Total N.C. Department of Agriculture			-	348,719	-
N.C. Department of Commerce Industrial Development Fund			-	576,324	-
Total N.C. Department of Commerce			-	576,324	-
N.C. Department of Health and Human Services Division of Social Services: State/County Special Assistance:					
State Foster Care Benefits			-	11,751	-
Extended Foster Casre/Max Non Title IV-E			-	3,397	-
State Child Welfare / Child Protection Services			-	80,042	-
Energy Assistance Private Grant			-	6,459	-
AFDC Incentive / Program Integrity			-	576	-
SFHF Maximization			-	4,739	-
Total Division of Social Services			-	106,964	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 9 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
<b>Division of Public Health</b>					
Aid to Counties			\$ -	\$ 166,792	\$ -
Public Health Nursing			-	400	-
General Communicable Disease Control			-	7,367	-
Breast and Cervical Cancer Program			-	2,275	-
Child Health			-	12,743	-
HMHC - Family Planning			-	34,529	-
Maternal Health (HMHC)			-	62,949	-
Women's Health Service Fund			-	9,860	-
HIV / STD SSBG Aid			-	500	-
Sexually Transmitted Diseases			-	153	-
School Nurse Funding Initiative			-	250,000	-
Integrated Targeted Testing Services			-	101,244	-
Healthy Communities Activities			-	3,785	-
Tuberculosis			-	19,532	-
<b>Total Division of Public Health</b>			-	672,129	-
<b>Pass-through Upper Coastal Plain Council of Governments</b>					
Division of Aging and Adult Services:					
State Appropriation - Access			-	25,507	-
State Appropriation - In-Home Services			-	229,262	-
State Appropriation - Home Delivered Meals			-	30,941	-
<b>Total Division Aging and Adult Services</b>			-	285,710	-

**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 10 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
N.C. Housing Finance Agency					
Housing Trust Fund:					
Single Family Rehabilitation Loan Pool - DR			\$ -	\$ 7,001	\$ -
Total N.C. Housing Finance Agency			-	7,001	-
N.C. Department of Transportation					
Rural Operating Assistance Program (ROAP) Cluster					
ROAP - Elderly and Disabled Transportation Assistance Program		36220.10.9.1	-	68,735	-
ROAP - Rural General Public Program		36228.22.9.1	-	72,899	-
Total ROAP Cluster			-	141,634	-
Highway Construction Program		DOT-18	-	352,036	-
Highway Construction Program		17802.2.1	-	553,157	-
Total N.C. Department of Transportation			-	1,046,827	-
N.C. Department of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Program			-	286,130	-
Total N.C. Department of Juvenile Justice and Delinquency Prevention			-	286,130	-



**Edgecombe County, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**  
**Page 11 of 11**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State / Pass- Through Grantor's Number	Federal (Direct and Pass- through) Expenditures	State Expenditures	Passed Through to Subrecipients
N.C. Department of Environmental Quality Division of Waste Management Scrap Tire Fund - SWMGT			-	11,096	-
Electronics Management Grant			-	3,047	-
Total NC Department of Public Safety			-	14,143	-
N.C. Department of Public Safety Public School Building Capital Fund - Lottery Proceeds			\$ -	\$ 1,889,622	\$ 1,889,622
Total NC Department of Public Safety			-	1,889,622	1,889,622
Golden LEAF Foundation Passed through Carolinas Gateway Partnership: Kingsboro Mega-Site Infrastructure Project			-	1,566,212	-
Total Gold LEAF Foundation			-	1,566,212	-
Total State awards			-	6,799,781	1,889,622
Total Federal and State awards			\$ 9,253,098	\$ 7,010,625	\$ 1,889,622

**Edgecombe County, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Edgecombe County, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Edgecombe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Edgecombe County.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 – INDIRECT COST RATE**

Edgecombe County has elected not to utilize the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 – PROGRAM CLUSTERS**

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

- Subsidized Child Care
- Foster Care and Adoption

**NOTE 5 – BENEFIT PAYMENTS ISSUED BY THE STATE**

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

**Edgecombe County, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

**NOTE 5 – BENEFIT PAYMENTS ISSUED BY THE STATE (Continued)**

Program	CFDA	Federal	State
Medicaid	93.778	\$ 92,040,063	\$ 42,693,752
Food stamps	10.561	23,150,556	-
Women, Infants, and Children	10.557	1,092,384	-
IV-E Adoption Subsidy and Vendor	93.659	368,629	83,487
Temporary Assistance to Needy Families	93.558	465,162	-
Children's Health Insurance Program	93.767	1,040,641	76,905
CWS Adopt Subsidy and Vendor		-	194,859
SAA/SAD HB Special Assistance for Adults		-	436,057
SC/SA Domiciliary Care		-	39,570

**NOTE 6– CORONAVIRUS RELIEF FUNDS**

Edgecombe Country received \$1,087,466 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$998,966 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Edgecombe County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with the United States Department of Treasury, the granting agency, guidelines. According to the Office of State Budget and management, the State's pass-through agency, municipalities are considered subrecipients of the counties. However, under state statute, municipalities are liable to the State, not the County, for any misused funds. Coronavirus Relief Funds must be spent during March 1, 2020 to December 30, 2021.