

# Lenoir County, North Carolina

## Financial Statements

Fiscal Year Ended June 30, 2020



**LENOIR COUNTY  
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June 30, 2020**

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## INTRODUCTORY SECTION



# North Carolina

**BOARD OF COMMISSIONERS**

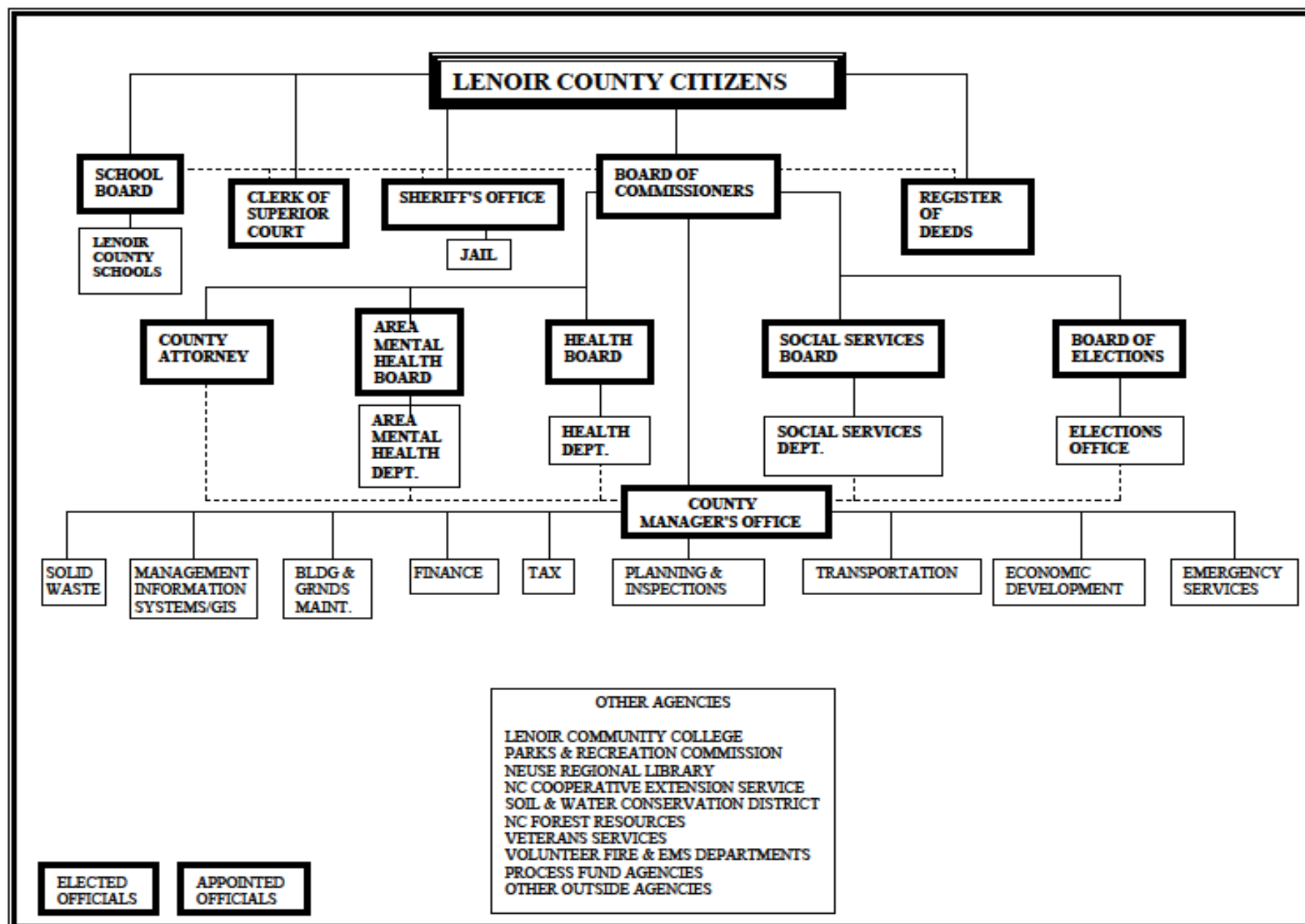
Craig Hill – Chairman  
Jackie Brown – Vice Chairman  
Roland Best  
J. Mac Daughety  
Reuben J. Davis  
Eric Rouse  
Linda Rouse Sutton

**OFFICIALS**

County Manager  
Michael W. Jarman

Finance Officer  
Sandra Barss





## FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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## **Independent Auditors' Report**

To the Board of County Commissioners  
Lenoir County, North Carolina

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina, as of and for the year then ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lenoir County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Lenoir County ABC Board or the Kinston-Lenoir County TDA. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lenoir County ABC Board and the Kinston-Lenoir County TDA is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Lenoir County ABC Board and the Kinston-Lenoir County TDA were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and School Capital Outlay Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Lenoir County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards 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, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021 on our consideration of Lenoir County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lenoir County's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., PA*  
Wilmington, North Carolina  
January 13, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Management's Discussion and Analysis**

As management of Lenoir County, we offer readers of Lenoir County's (the "County") financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 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**

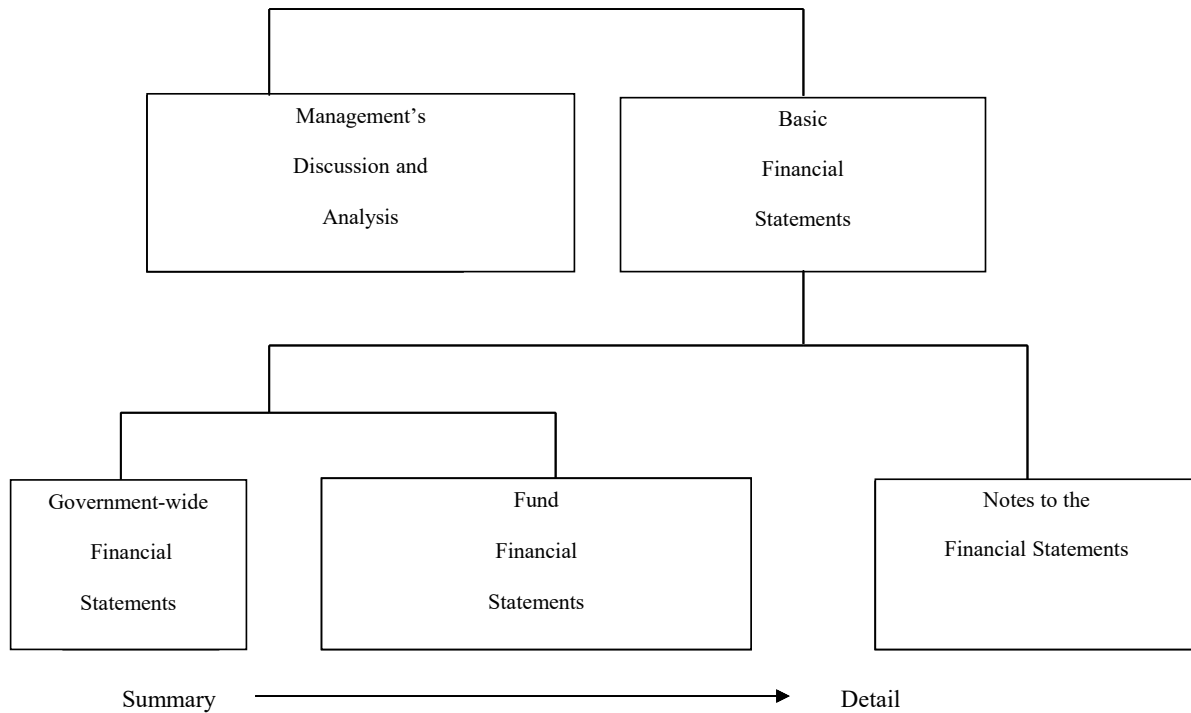
- The assets and deferred outflows of resources of Lenoir County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,477,335 (net position).
- The government's total net position increased by \$820,834 primarily due to an increase in net position in the governmental activities.
- As of the close of the current fiscal year, Lenoir County's governmental funds reported combined ending fund balances of \$35,691,362, after a net increase in fund balance of \$586,517. Approximately 16.55% of this total amount, or \$5,905,595, is restricted or non-spendable.
- At the end of the current fiscal year, available fund balance for the consolidated General Fund was \$14,268,889, or 22.89% of total General Fund expenditures for the fiscal year.
- Lenoir County's total debt decreased by \$4,823,793 during the current fiscal year.

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

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

Following the Notes is the required supplemental information. This section contains funding information about the County's Pension and Benefit Plans.



## Government-Wide Financial Statements

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

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

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

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

## Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lenoir County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary fund.

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

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

Proprietary Funds - The County has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste landfill operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Lenoir County has two fiduciary funds, both are agency funds.

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

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

### Government Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For Lenoir County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,636,712 at the close of the most recent fiscal year.

By far, the largest portion, \$19,521,964 of Lenoir County's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. Lenoir County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Lenoir County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Lenoir County an additional portion of Lenoir County's net position \$7,097,610 represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$17,142,239) is unrestricted.

**Lenoir County's Net Position**  
**Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 45,233,192	\$ 43,238,884	\$ 4,149,612	\$ 3,947,468	\$ 49,382,804	\$ 47,186,352
Capital assets	29,214,306	31,051,466	771,713	689,982	29,986,019	31,741,448
Total assets	74,447,498	74,290,350	4,921,325	4,637,450	79,368,823	78,927,800
Deferred outflows of resources	5,860,823	7,245,830	90,487	112,912	5,951,310	7,358,742
Long-term liabilities outstanding	59,489,991	63,126,590	3,360,246	3,142,722	62,850,237	66,269,312
Other liabilities	11,485,719	9,923,227	245,678	182,662	11,731,397	10,105,889
Total liabilities	70,975,710	73,049,817	3,605,924	3,325,384	74,581,634	76,375,201
Deferred inflows of resources	1,239,122	1,231,499	22,042	23,341	1,261,164	1,254,840
Net Position:						
Net investment						
in capital assets	19,039,306	17,402,348	482,658	558,727	19,521,964	17,961,075
Restricted	7,097,610	8,900,002	-	-	7,097,610	8,900,002
Unrestricted	(18,043,427)	(19,047,486)	901,188	842,910	(17,142,239)	(18,204,576)
Total net position	\$ 8,093,489	\$ 7,254,864	\$ 1,383,846	\$ 1,401,637	\$ 9,477,335	\$ 8,656,501

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

- Sales tax revenues up \$537,562 from prior year
- Property tax revenues up \$767,752 from prior year
- Long term liabilities decreased as the result of School bond and Jail debt service payments

**Lenoir County**  
**Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 3,878,063	\$ 2,977,006	\$ 2,915,160	\$ 2,896,079	\$ 6,793,223	\$ 5,873,085
Operating grants and contributions	21,975,690	18,694,480	39,538	44,514	22,015,228	18,738,994
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	36,554,837	35,787,085	-	-	36,554,837	35,787,085
Local option sales tax	12,107,050	11,569,488	-	-	12,107,050	11,569,488
Other taxes	322,095	446,235	31,534	31,097	353,629	477,332
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Investment earnings	391,055	625,695	-	-	391,055	625,695
Miscellaneous	416,706	669,125	-	-	416,706	669,125
<b>Total revenues</b>	<b>75,645,496</b>	<b>70,769,114</b>	<b>2,986,232</b>	<b>2,971,690</b>	<b>78,631,728</b>	<b>73,740,804</b>
<b>Expenses:</b>						
General government	9,874,665	7,757,503	-	-	9,874,665	7,757,503
Public Safety	22,983,225	22,991,333	-	-	22,983,225	22,991,333
Economic and physical development	8,138,089	3,839,944	-	-	8,138,089	3,839,944
Human services	17,034,463	15,566,718	-	-	17,034,463	15,566,718
Environmental protection	373,159	160,836	-	-	373,159	160,836
Cultural and recreation	1,774,775	1,714,649	-	-	1,774,775	1,714,649
Education	13,046,035	13,844,844	-	-	13,046,035	13,844,844
Interest on long-term debt	1,662,460	1,769,641	-	-	1,662,460	1,769,641
Landfill	-	-	2,924,023	2,903,303	2,924,023	2,903,303
<b>Total expenses</b>	<b>74,886,871</b>	<b>67,645,468</b>	<b>2,924,023</b>	<b>2,903,303</b>	<b>77,810,894</b>	<b>70,548,771</b>
Increase (decrease) in net position before transfers and special items	758,625	3,123,646	62,209	68,387	820,834	3,192,033
Transfers	80,000	50,000	(80,000)	(50,000)	-	-
Increase (decrease) in net position	838,625	3,173,646	(17,791)	18,387	820,834	3,192,033
Net position, beginning, previously reported	7,254,864	3,403,509	1,401,637	1,383,250	8,656,501	4,786,759
Restatement	-	677,709	-	-	-	677,709
Net position, beginning, restated	7,254,864	4,081,218	1,401,637	1,383,250	8,656,501	5,464,468
Net position, ending	<b>\$ 8,093,489</b>	<b>\$ 7,254,864</b>	<b>\$ 1,383,846</b>	<b>\$ 1,401,637</b>	<b>\$ 9,477,335</b>	<b>\$ 8,656,501</b>

**Governmental activities:** Governmental activities increased the County's net position by \$838,625.

**Business-type activities:** Business-type activities decreased the County's net position by \$17,791.

## Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of the County. At the end of the current fiscal year, the County's fund balance available in the General Fund was \$14,268,889 while total fund balance reached \$33,309,364. The Governing Body of Lenoir County has determined that the County should maintain an available fund balance of 20% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 22.89% of General Fund expenditures, while total fund balance represents 53.44% of that same amount.

At June 30, 2020, the governmental funds of the County reported a combined fund balance of \$35,691,362, a \$586,517 increase over last year.

### General Fund Budgetary Highlights:

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The total amendments to the General Fund increased revenues by \$2,192,633 (3.56%) of the original budget. None of the appropriated Fund Balance was needed to offset the expenditures.

**Proprietary Funds:** Lenoir County's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$901,188 as compared to \$842,910 in the prior year. The total net position of the Solid Waste Fund decreased by \$17,791, which was mainly due to the write off of prior years' accumulated bad debt, the accumulation of post closure expenses and changes in pension related accounts.

### Capital Asset and Debt Administration

**Capital assets.** Lenoir County's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totaled \$29,986,019 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital assets transactions during the year include:

- Purchased ambulance for EMS Department
- Purchased new trucks
- Purchased new generator

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 6,408,940	\$ 6,408,940	\$ 335,543	\$ 335,543	\$ 6,744,483	\$ 6,744,483
Buildings	39,881,976	39,881,976	5,462,525	5,462,525	45,344,501	45,344,501
Furniture and equipment	10,596,384	10,506,612	1,676,368	1,447,771	12,272,752	11,954,383
Improvements	411,077	411,077	-	-	411,077	411,077
Vehicles and motorized equipment	6,522,476	6,179,094	349,318	326,703	6,871,794	6,505,797
Construction in Progress	-	-	-	-	-	-
Subtotal	63,820,853	63,387,699	7,823,754	7,572,542	71,644,607	70,960,241
Less accumulated depreciation	34,606,547	32,336,233	7,052,041	6,882,560	41,658,588	39,218,793
Total	\$ 29,214,306	\$ 31,051,466	\$ 771,713	\$ 689,982	\$ 29,986,019	\$ 31,741,448

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

**Long-Term Debt.** As of June 30, 2020, Lenoir County had total bonded debt outstanding of \$34,094,025, all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 34,094,025	\$ 38,150,531	\$ -	\$ -	\$ 34,094,025	\$ 38,150,531
Installment purchases	10,175,000	11,100,000	177,973	-	10,352,973	11,100,000
Capital leases	-	-	110,995	131,255	110,995	131,255
Total	\$ 44,269,025	\$ 49,250,531	\$ 288,968	\$ 131,255	\$ 44,557,993	\$ 49,381,786

Lenoir County's total governmental debt decreased by \$4,823,793 during the past fiscal year. General Obligation Bonded Debt decreased by \$4,056,506 due to the principal retirement of a portion of the Series 2007 and Series 2008 General Obligation Bonds and Series 2013 Refunding Bonds. Installment debt decreased by \$747,027 due to an installment payment on Recovery Zone Economic Development bonds for the construction of a new jail and an installment payment to the State for the Smithfield Sewer Project. Capital leases decrease by \$20,260 due to continued payment.

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

The State of North Carolina limits the amount of General Obligation Debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Lenoir County is \$288,433,349.

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

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

- Property tax collections totaled \$36,544,834
- Sales tax revenues totaled \$12,107,050, an increase of 4.65% from the prior year

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

#### **Governmental Activities**

Several factors will positively affect the economic outlook of the county over the next several fiscal years. Economic forecasts indicate growth in coming years which, while modest, are positive indicators for prospective commercial growth in the county.

#### **Business-type Activities**

The County issued \$3.0 million in Special Revenue Bond debt early in FY 03-04 for the construction of a new municipal solid waste landfill cell. The total project cost, including construction of the 5-year cell, a leachate pump station and force main, and new equipment to operate the cell was approximately \$4.3 million. Approximately \$1.3 million in fund balance of the Solid Waste Fund was then appropriated to complete the project. The project was completed by June 30, 2004. This five (5) year cell has nearly reached its maximum capacity. The County contracted with Municipal Engineering, located in Garner, NC, to obtain the necessary state permits to construct a second five (5) year MSW cell and the environmental permits have been received. However, due to the fact the County will have to buy dirt and have it hauled to the new cell for construction, and later as cover, the construction of the new cell has been put on hold. The County has renewed the current five year contract with Republic Services of North Carolina for an additional 5 years for proper disposal. The contract term ends January 2023. At this time the county is evaluating several different alternatives that will best service the needs of Lenoir County citizens while continuing to improve the financial standing of the Lenoir County landfill. It should be noted that County administration reviewed all operational expenses and collection policies in an effort to increase revenues collected, decrease uncollectible accounts and reduce operating expense. The FY 20-21 budget is a reflection of this continued effort to improve landfill operations.

### **Requests for Information**

This report is designed to provide an overview of the Lenoir County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Office of the County Manager, 130 South Queen Street, Kinston, North Carolina 28501. You can also call (252) 559-6450, visit our website <http://www.co.lenoir.nc.us/>.

## BASIC FINANCIAL STATEMENTS

**Lenoir County, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Kinston-Lenoir TDA	Lenoir County ABC Board
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 3,289,354	\$ 3,265,460	\$ 6,554,814	\$ 57,990	\$ 1,052,021
Restricted cash	469,545	-	469,545	-	-
Accounts receivable, net	3,722,761	632,177	4,354,938	67	-
Taxes receivable, net	1,918,029	-	1,918,029	-	-
Investments	30,017,713	251,975	30,269,688	-	-
Due from other governments	3,254,959	-	3,254,959	28,105	-
Prepaid items	-	-	-	-	14,944
Inventories	-	-	-	-	380,127
	<u>42,672,361</u>	<u>4,149,612</u>	<u>46,821,973</u>	<u>86,162</u>	<u>1,447,092</u>
<b>Noncurrent assets:</b>					
Note receivable	2,500,000	-	2,500,000	-	-
Net pension asset	60,831	-	60,831	-	-
<b>Capital assets:</b>					
Land, non-depreciable improvements, and construction in progress	6,408,940	335,543	6,744,483	-	174,000
Other capital assets, net of depreciation	22,805,366	436,170	23,241,536	-	553,944
Total capital assets	<u>29,214,306</u>	<u>771,713</u>	<u>29,986,019</u>	<u>-</u>	<u>727,944</u>
Total assets	<u>74,447,498</u>	<u>4,921,325</u>	<u>79,368,823</u>	<u>86,162</u>	<u>2,175,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>5,860,823</u>	<u>90,487</u>	<u>5,951,310</u>	<u>-</u>	<u>76,157</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	4,983,415	173,521	5,156,936	6,816	904,735
Accrued interest payable	864,027	-	864,027	-	-
Current-portion of long-term liabilities	5,638,277	72,157	5,710,434	-	-
<b>Long-term liabilities</b>					
Net pension liability - LGERS	7,767,436	158,519	7,925,955	-	122,345
OPEB Liability	9,527,353	194,436	9,721,789	-	-
Total pension liability - LEOSSA	2,063,769	-	2,063,769	-	-
Compensated absences payable	655,408	18,222	673,630	-	-
Due in more than one year	39,476,025	2,989,069	42,465,094	-	-
Total long-term liabilities	<u>59,489,991</u>	<u>3,360,246</u>	<u>62,850,237</u>	<u>-</u>	<u>122,345</u>
Total liabilities	<u>70,975,710</u>	<u>3,605,924</u>	<u>74,581,634</u>	<u>6,816</u>	<u>1,027,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	<u>1,239,122</u>	<u>22,042</u>	<u>1,261,164</u>	<u>-</u>	<u>6,508</u>
<b>NET POSITION</b>					
Net investment in capital assets	19,039,306	482,658	19,521,964	-	727,944
Stabilization by State Statute	6,977,721	-	6,977,721	28,172	-
General government	-	-	-	-	-
Public safety	878,550	-	878,550	-	-
Capital Improvement	-	-	-	-	99,464
Education	(915,140)	-	(915,140)	-	-
Register of Deeds	156,479	-	156,479	-	-
Working Capital	-	-	-	-	163,940
Unrestricted	(18,043,427)	901,188	(17,142,239)	51,174	226,257
Total net position	<u>\$ 8,093,489</u>	<u>\$ 1,383,846</u>	<u>\$ 9,477,335</u>	<u>\$ 79,346</u>	<u>\$ 1,217,605</u>



**Lenoir County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Program Revenues					Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Kinston-Lenoir TDA	Lenoir County ABC Board
Primary government:									
Governmental Activities:									
General government	\$ 9,874,665	\$ 1,034,150	\$ 2,326,838	\$ -	\$ (6,513,677)	\$ -	\$ (6,513,677)		
Public safety	22,983,225	2,326,838	8,014,663	-	(12,641,724)	-	(12,641,724)		
Environmental protection	373,159	-	108,586	-	(264,573)	-	(264,573)		
Economic and physical development	8,138,089	-	617,613	-	(7,520,476)	-	(7,520,476)		
Human services	17,034,463	517,075	9,974,377	-	(6,543,011)	-	(6,543,011)		
Cultural and recreational	1,774,775	-	-	-	(1,774,775)	-	(1,774,775)		
Education	13,046,035	-	933,613	-	(12,112,422)	-	(12,112,422)		
Interest on long-term debt	1,662,460	-	-	-	(1,662,460)	-	(1,662,460)		
Total governmental activities	74,886,871	3,878,063	21,975,690	-	(49,033,118)	-	(49,033,118)		
Business-type activities:									
Landfill	2,924,023	2,915,160	39,538	-	-	30,675	30,675		
Total business-type activities	2,924,023	2,915,160	39,538	-	-	30,675	30,675		
Total primary government	\$ 77,810,894	\$ 6,793,223	\$ 22,015,228	\$ -	\$ (49,033,118)	\$ 30,675	\$ (49,002,443)		
Component units:									
ABC Board	\$ 5,472,868	\$ 5,522,133	\$ -	\$ -				\$ -	\$ 49,265
TDA	395,284	356,573	-	-				(38,711)	
Total component units	\$ 5,868,152	\$ 5,878,706	\$ -	\$ -				\$ (38,711)	\$ 49,265
General revenues:									
Taxes:									
Property taxes, levied for general purpose					36,554,837	-	36,554,837	-	-
Local option sales tax					12,107,050	-	12,107,050	-	-
Other taxes and licenses					322,095	31,534	353,629	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	-
Investment earnings, unrestricted					391,055	-	391,055	-	195
Miscellaneous, unrestricted					416,706	-	416,706	2,450	540
Transfers					80,000	(80,000)	-	-	-
Total general revenues, special items, and transfers					49,871,743	(48,466)	49,823,277	2,450	735
Change in net position					838,625	(17,791)	820,834	(36,261)	50,000
Net position, beginning					7,254,864	1,401,637	8,656,501	115,607	1,167,605
Net position, ending					\$ 8,093,489	\$ 1,383,846	\$ 9,477,335	\$ 79,346	\$ 1,217,605

**Lenoir County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

Exhibit 3

	<b>Major</b>			<b>NonMajor</b>	
	<b>General Fund</b>	<b>School Capital Outlay Fund</b>	<b>Hazard Mitigation Gran Program</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,737	\$ -	\$ -	\$ 3,286,617	\$ 3,289,354
Restricted cash	-	-	-	469,545	469,545
Investments	30,017,713	-	-	-	30,017,713
Taxes receivable, net	1,795,397	-	-	122,632	1,918,029
Due from other governments	2,575,784	612,198	-	66,977	3,254,959
Accounts receivable, net	3,127,001	-	185,239	410,522	3,722,762
Total assets	<u>\$ 37,518,632</u>	<u>612,198</u>	<u>\$ 185,239</u>	<u>\$ 4,356,293</u>	<u>\$ 42,672,362</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	2,334,315	915,140	1,192,015	541,945	4,983,415
Total liabilities	<u>2,334,315</u>	<u>915,140</u>	<u>1,192,015</u>	<u>541,945</u>	<u>4,983,415</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes receivable	1,795,397	-	-	122,632	1,918,029
Prepaid taxes	79,556	-	-	-	79,556
Total deferred inflows of resources	<u>1,874,953</u>	<u>-</u>	<u>-</u>	<u>122,632</u>	<u>1,997,585</u>
Fund balances:					
Restricted:					
Stabilization by State Statute	5,702,785	612,198	185,239	477,499	6,977,721
Register of Deeds	-	-	-	156,479	156,479
Public Safety	-	-	-	367,423	367,423
Emergency services	-	-	-	511,127	511,127
School Capital	-	(915,140)	-	-	(915,140)
Economic Development	-	-	(1,192,015)	-	(1,192,015)
Committed:					
Scrap tire disposal	-	-	-	124,227	124,227
Vehicle replacement	-	-	-	153,356	153,356
Assigned:					
Subsequent year's expenditures	13,337,690	-	-	-	13,337,690
Unassigned:	14,268,889	-	-	1,901,605	16,170,494
Total fund balances	<u>33,309,364</u>	<u>(302,942)</u>	<u>(1,006,776)</u>	<u>3,691,716</u>	<u>35,691,362</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,518,632</u>	<u>\$ 612,198</u>	<u>\$ 185,239</u>	<u>\$ 4,356,293</u>	

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,214,306
Note receivable - Lenoir Memorial Hospital	2,500,000
Net pension asset - Register of Deeds	60,831
Charges related to re-funding bond issue	1,274,468
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,645,217
Internal service fund net assets that primarily support governmental activities	(1,556,672)
Deferred inflows of resources for taxes and special assessments receivable	1,918,029
OPEB and Pension related deferrals	3,338,243
General obligation bonds payable	(34,094,025)
Notes payable	(10,175,000)
Compensated absences	(1,500,685)
Other postemployment benefit obligation	(9,527,353)
Net pension liability - LEO	(2,063,769)
Net pension liability - LGERS	(7,767,436)
Accrued interest	(864,027)
Net position of governmental activities	<u>\$ 8,093,489</u>

**Lenoir County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	Major			Non Major	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Hazard Mitigation Gran Program	Other Governmental Funds	
<b>REVENUES</b>					
Ad valorem taxes	\$ 34,956,659	\$ -	\$ -	\$ 1,608,996	\$ 36,565,655
Local option sales taxes	9,429,577	2,430,848	-	246,625	12,107,050
Other taxes and licenses	322,095	-	-	-	322,095
Unrestricted intergovernmental	672,426	-	-	-	672,426
Restricted intergovernmental	13,088,057	-	4,044,180	2,803,362	19,935,599
Sales and services	5,073,307	-	-	63,101	5,136,408
Investment earnings	390,847	-	-	208	391,055
Miscellaneous	903,518	-	-	122,508	1,026,026
Total revenues	<u>64,836,486</u>	<u>2,430,848</u>	<u>4,044,180</u>	<u>4,844,800</u>	<u>76,156,314</u>
<b>EXPENDITURES</b>					
Current:					
General government	7,925,628	-	-	1,471,681	9,397,309
Public safety	18,014,899	-	-	2,280,215	20,295,114
Economic and physical development	864,655	-	5,050,956	2,402,374	8,317,985
Human services	14,581,648	-	-	1,574,201	16,155,849
Sanitation	-	-	-	160,005	160,005
Cultural and recreational	1,675,000	-	-	-	1,675,000
Intergovernmental:					
Education	12,662,985	383,050	-	-	13,046,035
Debt service:					
Principal	4,817,000	-	-	-	4,817,000
Interest	1,785,500	-	-	-	1,785,500
Total expenditures	<u>62,327,315</u>	<u>383,050</u>	<u>5,050,956</u>	<u>7,888,476</u>	<u>75,649,797</u>
Excess (deficiency) of revenues over expenditures	<u>2,509,171</u>	<u>2,047,798</u>	<u>(1,006,776)</u>	<u>(3,043,676)</u>	<u>506,517</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	2,250,000	-	-	3,416,533	5,666,533
Transfers to other funds	<u>(3,336,533)</u>	<u>(2,250,000)</u>	<u>-</u>	<u>-</u>	<u>(5,586,533)</u>
Total other financing sources and uses	<u>(1,086,533)</u>	<u>(2,250,000)</u>	<u>-</u>	<u>3,416,533</u>	<u>80,000</u>
Net change in fund balance	1,422,638	(202,202)	(1,006,776)	372,857	586,517
Fund balances-beginning	31,886,726	(100,740)	-	3,318,859	35,104,845
Fund balances-ending	<u>\$ 33,309,364</u>	<u>\$ (302,942)</u>	<u>\$ (1,006,776)</u>	<u>\$ 3,691,716</u>	<u>\$ 35,691,362</u>

**Lenoir County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

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

Net changes in fund balance - total government funds	\$	586,517
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital outlay expenditures which were capitalized.	1,043,510	
Depreciation expense for governmental assets.	<u>(2,880,670)</u>	(1,837,160)

Contributions to OPEB and the pension plan in the current fiscal year are not included on the Statement of Activities.		2,245,393
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Payments received from Lenoir Memorial Hospital are reported as a reduction in note receivable balance in Governmental Activities Statement of Net Position.		(500,000)
--	--	-----------

Internal service fund operations that primarily support governmental activities.		(350,672)
--	--	-----------

Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds - change in deferred inflows of resources for tax revenues.		(10,818)
--	--	----------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated absences	(70,470)	
Accrued interest	100,143	
Pension expense	(4,164,206)	
Amortization of bond premiums not recorded on fund statements	<u>164,505</u>	(3,970,028)

Loss on the advance refunding of bonds.		(141,608)
---	--	-----------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net of these differences in the treatment of long-term debt and related items.

	4,817,001	
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Total changes in net position of governmental activities	\$	<u>838,625</u>
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**Lenoir County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

Exhibit 5

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 34,344,000	\$ 34,344,000	\$ 34,956,659	\$ 612,659
Local option sales tax	8,600,000	8,600,000	9,429,577	829,577
Other taxes and licenses	376,500	376,500	322,095	(54,405)
Unrestricted intergovernmental revenues	434,000	434,000	672,426	238,426
Restricted intergovernmental revenues	11,121,774	13,219,397	13,088,057	(131,340)
Permits and fees	1,693,396	1,693,396	1,772,693	79,297
Sales and services	3,271,755	3,350,440	3,300,614	(49,826)
Investment earnings	401,500	401,500	390,847	(10,653)
Miscellaneous	1,369,813	1,386,138	903,518	(482,620)
Total revenues	<u>61,612,738</u>	<u>63,805,371</u>	<u>64,836,486</u>	<u>1,031,115</u>
Expenditures				
Current:				
General government	8,292,684	8,558,139	7,925,628	632,511
Public safety	17,716,131	19,493,385	18,014,899	1,478,486
Economic and physical development	991,472	991,472	864,655	126,817
Human Services	16,849,760	17,551,449	14,581,648	2,969,801
Cultural and recreational	1,675,000	1,675,000	1,675,000	-
Intergovernmental:				
Education	12,662,985	12,662,985	12,662,985	-
Debt service:				
Principal retirement	4,869,506	4,869,858	4,817,000	52,858
Interest	1,785,500	1,785,500	1,785,500	-
Total expenditures	<u>64,843,038</u>	<u>67,587,788</u>	<u>62,327,315</u>	<u>5,260,473</u>
Revenues over (under) expenditures	(3,230,300)	(3,782,417)	2,509,171	6,291,588
Other financing sources (Uses):				
Operating transfers from (to) other funds	(1,086,533)	(1,086,533)	(1,086,533)	-
Fund Balance Appropriated	<u>4,316,833</u>	<u>4,868,950</u>		<u>(4,868,950)</u>
Total other financing sources and uses	<u>3,230,300</u>	<u>3,782,417</u>	<u>(1,086,533)</u>	<u>(4,868,950)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	1,422,638	\$ <u>1,422,638</u>
Fund Balances - Beginning			<u>31,886,726</u>	
Fund Balances - Ending			<u>\$ 33,309,364</u>	

**Lenoir County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

Exhibit 5

	School Capital Outlay Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Local option sales tax	2,250,000	2,250,000	2,430,848	180,848
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental revenues	-	-	-	-
Restricted intergovernmental revenues	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,430,848</u>	<u>180,848</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Economic and physical development	-	-	-	-
Human Services	-	-	-	-
Cultural and recreational	-	-	-	-
Intergovernmental:				
Education	-	-	-	-
Debt service:	461,343	461,343	383,050	78,293
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>461,343</u>	<u>461,343</u>	<u>383,050</u>	<u>78,293</u>
Revenues over (under) expenditures	1,788,657	1,788,657	2,047,798	259,141
Other financing sources (Uses):				
Operating transfers from (to) other funds	(2,250,000)	(2,250,000)	(2,250,000)	-
Fund Balance Appropriated	461,343	461,343		(461,343)
Total other financing sources and uses	<u>(1,788,657)</u>	<u>(1,788,657)</u>	<u>(2,250,000)</u>	<u>(461,343)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	(202,202)	\$ <u>(202,202)</u>
Fund Balances - Beginning			<u>(100,740)</u>	
Fund Balances - Ending			\$ <u><u>(302,942)</u></u>	

**Lenoir County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2020**

Exhibit 6

	Major Enterprise Fund		Internal Service Fund		Total
	Landfill Fund				
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 3,265,460	\$ -		\$ 3,265,460	
Accounts receivable, net	632,177	418		632,595	
Restricted cash	-	-		-	
Investments	251,975	-		251,975	
Total Current Assets	<u>4,149,612</u>	<u>418</u>		<u>4,150,030</u>	
Noncurrent assets:					
Capital assets:					
Land and non-depreciable assets	335,543	-		335,543	
Other capital assets, net of depreciation	436,170	-		436,170	
Capital assets (net)	<u>771,713</u>	<u>-</u>		<u>771,713</u>	
Total noncurrent assets	<u>771,713</u>	<u>-</u>		<u>771,713</u>	
Total Assets	<u>4,921,325</u>	<u>418</u>		<u>4,921,743</u>	
Deferred Outflows of Resources	<u>90,487</u>	<u>-</u>		<u>90,487</u>	
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable & accrued liabilities	173,521	1,557,090		1,730,611	
Current portion of long term debt	72,157	-		72,157	
Accrued Interest	-	-		-	
Due to other funds	-	-		-	
Total Current Liabilities	<u>245,678</u>	<u>1,557,090</u>		<u>1,802,768</u>	
Noncurrent liabilities:					
Accrued landfill closure and postclosure costs	2,755,203	-		2,755,203	
Compensated absences	18,222	-		18,222	
Other postemployment benefits	194,436	-		194,436	
Long term debt payables	233,866	-		233,866	
Net pension liability	158,519	-		158,519	
Total noncurrent liabilities	<u>3,360,246</u>	<u>-</u>		<u>3,360,246</u>	
Total Liabilities	<u>3,605,924</u>	<u>1,557,090</u>		<u>5,163,014</u>	
Deferred Inflows of Resources	<u>22,042</u>			<u>22,042</u>	
<b>Net Position</b>					
Net investment in capital assets	482,658	-		482,658	
Unrestricted	<u>901,188</u>	<u>(1,556,672)</u>		<u>(655,484)</u>	
Total Net Position	<u>\$ 1,383,846</u>	<u>\$ (1,556,672)</u>		<u>\$ (172,826)</u>	

**Lenoir County, North Carolina**  
**Statement of Revenues and Expenditures and**  
**Changes in Fund Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2020**

Exhibit 7

	Major Enterprise Fund	
	Landfill Fund	Internal Service Fund
Operating revenues:		
Charges for Services	\$ 2,915,160	\$ 3,505,835
Other operating revenues	39,538	
Total Operating Revenues	<u>2,954,698</u>	<u>3,505,835</u>
Operating expenses:		
Cost of operations	2,689,955	3,856,507
Landfill closure and postclosure care costs	80,897	
Depreciation	146,867	
Total operating expenses	<u>2,917,719</u>	<u>3,856,507</u>
Total Operating Income (Loss)	<u>36,979</u>	<u>(350,672)</u>
Nonoperating Revenues(Expenses):		
Interest expense	(6,304)	-
Solid waste disposal taxes	31,534	-
Total Nonoperating Revenues (Expenses)	<u>25,230</u>	<u>-</u>
Transfers in	-	-
Transfers (out)	<u>(80,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(80,000)</u>	<u>-</u>
Changes in net position	(17,791)	(350,672)
Net position, beginning	1,401,637	(1,206,000)
Total net position, Ending	<u>\$ 1,383,846</u>	<u>\$ (1,556,672)</u>



**Lenoir County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2020**

Exhibit 8

	Major Enterprise Fund		
	Landfill Fund	Internal Service Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Cash Received from Customers/others	\$ 2,915,160	\$ 3,505,835	\$ 6,420,995
Cash paid to suppliers for goods and services	(1,941,717)	(3,505,835)	(5,447,552)
Cash paid to employees for services	(852,199)	-	(852,199)
Other operating revenue	217,600	-	217,600
Net cash provided by (used for) operating activities	<u>158,433</u>	<u>-</u>	<u>158,433</u>
<b>Cash Flows from (use by) capital and related financing activities:</b>			
Principal repayments on long-term debt	(20,260)		(20,260)
Acquisition of capital assets	(228,597)		(228,597)
Loan proceeds	177,973	-	177,973
Interest expense	(6,304)	-	(6,304)
Net cash flows provided (used) by capital financing activities	<u>(77,188)</u>	<u>-</u>	<u>(77,188)</u>
<b>Cash Flows from (used for) noncapital financing activities:</b>			
Change in due to/froms			
Advances from other funds	(80,000)	-	(80,000)
Transfers in/out (net)	-	-	-
Net cash flows provided (used) by noncapital financing activities	<u>(80,000)</u>	<u>-</u>	<u>(80,000)</u>
 Net increase (decrease) in cash and cash equivalents	 1,245	 -	 1,245
Cash and cash equivalents, beginning of year	3,516,190	-	3,516,190
Cash and cash equivalents, end of year	<u>\$ 3,517,435</u>	<u>-</u>	<u>3,517,435</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 36,979	(350,672)	(313,693)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Solid waste disposal taxes	31,534	-	31,534
Landfill closure and postclosure care costs	80,897	-	80,897
Depreciation expense	146,867	-	146,867
Changes in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(200,843)	-	(200,843)
Increase (decrease) in accounts payable and accrued liabilities	23,119	350,672	373,791
Increase (decrease) in net pension liability	21,940	-	21,940
Increase (decrease) in OPEB liability	(2,261)	-	(2,261)
(Increase) decrease in deferred outflows of resources for pensions	22,425	-	22,425
Increase (decrease) in deferred inflows of resources for pensions	(1,299)	-	(1,299)
Increase (decrease) in accrued vacation pay	(925)	-	(925)
Net cash provided (used) by operating activities	<u>\$ 158,433</u>	<u>-</u>	<u>158,433</u>

**Lenoir County, North Carolina**  
**Statement of Fiduciary Net Position**  
**June 30, 2020**

Exhibit 9

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ <u><u>10,243</u></u>
 <b>Liabilities and Net Position</b>	
Miscellaneous liabilities	<u>10,243</u>
Due to governmental units	<u><u>10,243</u></u>
Total liabilities	<u><u>10,243</u></u>
 Net Position	 \$ <u><u>-</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

LENOIR COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended June 30, 2020

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The Lenoir County ABC Board (the Board) and the Kinston-Lenoir County Tourism Development Authority (the Authority), which both have June 30 year-ends, are presented as if they were separate proprietary funds of the County (discrete presentation). Lenoir County Industrial Facility and Pollution Control Financing Authority (the Financing Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Financing Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

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

B. Basis of Presentation – Basis of Accounting

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

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

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

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

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

The County reports the following major governmental funds:

*General Fund* - This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*School Capital Outlay Fund* - This fund accounts for financial resources for school capital outlay.

*Hazard Mitigation Grant Program* - This fund accounts for financial resources to help mitigate future hazards.

The County reports the following major enterprise fund:

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

The County reports the following fund types:

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains two agency funds: the Social Services Fund, which accounts for moneys deposited with the Social Services Department for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Lenoir County Board of Education.

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

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

### C. Measurement Focus, Basis of Accounting

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

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

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

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

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

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

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

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

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

#### D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, special Revenue Funds, the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for Capital Projects Fund and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for revisions that alter total expenditures of any fund or that change functional appropriations. The governing board must approve all amendments. During the year, several material amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

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

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

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

##### 1. Deposits and Investments

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

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

The North Carolina Capital Management Trust (NCCMT), which consists of two SEC registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and Term Portfolios are reported at fair value.

## 2. Cash and Cash Equivalents

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

## 3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

## 4. Restricted Assets

Unexpended bond proceeds are classified as restricted assets on the balance sheet because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The cash in the Federally Siezed Property Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the Scrap Tire Disposal Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

### **Governmental Activities:**

#### General Fund:

Federally Siezed Property	\$ 331,364
Scrap Tire Disposal	138,181
Total Restricted Cash	<u>\$ 469,545</u>

## 5. Allowance for Doubtful Accounts

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

## 6. Inventories and Prepaid Items

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

## 7. Capital Assets

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

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

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

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

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

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

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

8. Deferred outflows/inflows of resources

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

9. Long-term Obligations

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

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

10. Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. The ABC board provides for the accumulation of up to fifteen days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The sick leave policies of the County and the ABC Board provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accruals for sick leave have been made.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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



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

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

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

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

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

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

Restricted fund balance at June 30, 2020 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted:</b>		
Stabilization by State Statute	\$ 5,702,785	\$ 1,274,936
Register of Deeds	-	156,479
Public safety	-	367,423
Emergency Services	-	511,127
Economic Development	-	(1,192,015)
School Capital	-	(915,140)
Total	<u>\$ 5,702,785</u>	<u>\$ 202,810</u>

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

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

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

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

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Committed:</b>		
Scrap tire	\$ -	\$ 124,227
Vehicle replacement	-	153,356
Total	<u>\$ -</u>	<u>\$ 277,583</u>

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

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

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

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

## 12. Defined Benefit Pension Plans

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

## F. Reconciliation of Government-wide & Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. The net adjustment of (\$27,597,873) consists of the following items as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 63,820,853
Less accumulated depreciation.	(34,606,547)
Net capital assets.	29,214,306
Net pension asset.	60,831
Note receivable - Lenoir Memorial Hospital	2,500,000
Charges related to re-funding bond issue.	1,274,468
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	1,645,217
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	1,918,029
Internal service fund net assets that primarily support governmental activities.	(1,556,672)
OPEB and Pension related deferrals.	3,338,243
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Long-term debts, including bonds and notes payable	(44,269,025)
Net pension liability - LGERS	(7,767,436)
Net pension liability - LEOSSA	(2,063,769)
OPEB payable	(9,527,353)
Accrued interest payable	(864,027)
Compensated absences	(1,500,685)
Total adjustment	<u>\$ (27,597,873)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$252,108 as follows:

<b>Description</b>	<b>Amount</b>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 1,043,510
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the Statement of Activities but not in the fund statements	(2,880,670)
Cost of capital assets disposed of during year.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements	4,817,001
Payment on note receivable from Lenoir Memorial Hospital.	(500,000)
Amortization of bond premiums.	164,505
Loss on advance refunding of bonds.	(141,608)
Internal service fund operations that primarily support governmental activities.	(350,672)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,245,393
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in fund statements	(10,818)
Expenses reported in the Statement of Activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements. This includes accrued interest payable, compensated absences, pension expense and OPEB.	(4,134,533)
Total adjustment	<u>\$ 252,108</u>

**II. Stewardship, Compliance, and Accountability**

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

Noncompliance with North Carolina General Statutes

None.

**B. Deficit Fund Balance or Net Position of Individual Funds**

The Internal Services, Revaluation Reserve, Hazardous Mitigation Grant, and School Capital Outlay Funds have a deficit fund balance due to timing issues related to income.

**C. Excess of Expenditures over Appropriations**

None.

### III. Detail Notes on All Funds

#### A. Assets

##### 1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board and the Authority have no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the County's deposits had a carrying amount of \$7,021,621 and a bank balance of \$7,370,455. Of the bank balance, \$250,000 as covered by federal depository insurance the remainder was covered by the pooling method. At June 30, 2020 the County had \$2,738 cash on hand and cash in Fiduciary was \$10,243.

At June 30, 2020, the carrying amount of deposits for Lenoir County ABC Board was \$1,046,721 and a bank balance of \$1,040,845. Of this balance, \$250,000 was covered by federal depository insurance and \$790,845 was maintained in financial institutions utilizing the Pooling Method of collateralization. At June 30, 2020, the ABC Board had \$5,300 cash on hand.

At June 30, 2020, the carrying amount of deposits for Lenoir County TDA was \$57,990 and a bank balance of \$59,502. Of the bank balance, 100% was covered by federal depository insurance.

##### 2. Investments

As of June 30, 2020, the County's investments consisted of \$30,269,688 in the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The County has no formal policy on credit risk. The ABC Board held no investments at June 30, 2020.

At June 30, 2020 the ABC Board and the Authority had no investments.

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

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

Year Levied	Tax	Interest	Total
2016	2,340,648	766,564	\$ 3,107,212
2017	2,344,707	556,870	2,901,577
2018	2,342,239	345,621	2,687,860
2019	2,434,908	140,009	2,574,917
Total	\$ 9,462,502	\$ 1,809,064	\$ 11,271,566

4. Receivables

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

	Accounts	Taxes & Related Accrued Interest	Due From Other Governments	Total
<b>Governmental Activities:</b>				
General	\$ 3,177,485	\$ 2,830,976	\$ 2,575,784	\$ 8,584,245
Other Governmental	595,761	122,632	679,175	1,397,568
Total Receivables	3,773,246	2,953,608	3,254,959	9,981,813
Allowance for Doubtful Accounts	(50,485)	(1,035,579)	-	(1,086,064)
Total Governmental Activities	<u>\$ 3,722,761</u>	<u>\$ 1,918,029</u>	<u>\$ 3,254,959</u>	<u>\$ 8,895,749</u>
<b>Business-Type Activities:</b>				
Landfill receivables	\$ 1,002,316	\$ -	\$ -	\$ 1,002,316
Allowance for Doubtful Accounts	(370,139)	-	-	(370,139)
Total Business-Type Activities	<u>\$ 632,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,177</u>

5. Note Receivable

On January 4, 2004, Lenoir County sold its hospital facility and land to Lenoir Memorial Hospital for \$12,000,000. Lenoir Memorial Hospital paid to the County a down payment of \$2,000,000 upon closing of the sale. The remaining balance of \$10,000,000 is payable in 20 annual installments of \$500,000 beginning on or before July 10, 2005 and ending on July 10, 2024. The promissory note does not bear any interest and is subordinated to outstanding bonds payable by the Hospital. Should Lenoir Memorial Hospital dissolve or fail to operate the property as a community general hospital, all ownership rights in the property including licenses, the certificate of need, and other assets of the Hospital shall revert back to the County. The outstanding balance of the promissory note receivable as of June 30, 2020 is \$2,500,00.

6. Capital Assets**Primary Government**

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

	Beginning Balances July 1, 2019	Additions	Retirements	Transfer	Ending Balances June 30, 2020
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 6,408,940	\$ -	\$ -	\$ -	\$ 6,408,940
Construction in Progress	-	-	-	-	-
Total capital assets not being depreciated	<u>6,408,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,408,940</u>
Capital assets being depreciated:					
Buildings	39,881,976	-	-	-	39,881,976
Equipment/Machinery	10,506,612	89,772	-	-	10,596,384
Vehicles/Fire Truck	6,179,093	953,738	(587,739)	(22,616)	6,522,476
Other Improvements	411,077	-	-	-	411,077
Total capital assets being depreciated	<u>56,978,758</u>	<u>1,043,510</u>	<u>(587,739)</u>	<u>(22,616)</u>	<u>57,411,913</u>
Less accumulated depreciation for:					
Buildings	20,759,383	1,548,573	-	-	22,307,956
Equipment/Machinery	6,608,581	756,818	-	-	7,365,399
Vehicles/Fire Truck	4,617,015	565,707	(587,739)	(22,616)	4,572,367
Other Improvements	351,253	9,572	-	-	360,825
Total accumulated depreciation	<u>32,336,232</u>	<u>\$ 2,880,670</u>	<u>\$ (587,739)</u>	<u>\$ (22,616)</u>	<u>34,606,547</u>
Total capital assets being depreciated, net	<u>24,642,526</u>				<u>22,805,366</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 31,051,466</u>				<u>\$ 29,214,306</u>

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

General government	\$ 175,718
Public Safety	2,367,156
Economic and Community Development	81,358
Human Services	204,638
Cultural and Recreational	51,800
Total Depreciation Expense	<u>\$ 2,880,670</u>

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Business-type Activities					
<b>Landfill Fund</b>					
Capital assets not being depreciated:					
Land	\$ 335,543	\$ -	\$ -	\$ -	\$ 335,543
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>335,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,543</u>
Capital assets being depreciated:					
Buildings and improvements	5,462,525	-	-	-	5,462,525
Equipment	1,447,771	228,597	-	-	1,676,368
Vehicles	326,702	-	-	22,616	349,318
Total capital assets being depreciated	<u>7,236,998</u>	<u>228,597</u>	<u>-</u>	<u>22,616</u>	<u>7,488,211</u>
Less accumulated depreciation for:					
Buildings and improvements	5,448,239	1,087	-	-	5,449,326
Equipment	1,107,617	145,780	-	-	1,253,397
Vehicles	326,702	-	-	22,616	349,318
Total accumulated depreciation	<u>6,882,558</u>	<u>\$ 146,867</u>	<u>\$ -</u>	<u>\$ 22,616</u>	<u>7,052,041</u>
Total capital assets being depreciated, net	<u>354,440</u>				<u>436,170</u>
<b>Landfill Fund capital assets, net</b>	<u>\$ 689,983</u>				<u>\$ 771,713</u>

#### Discretely presented component units

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

	Beginning Balances	Additions	Retirements	Transfers	Ending Balances
Capital assets not being depreciated:					
Land	\$ 174,000	\$ -	\$ -	\$ -	\$ 174,000
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>174,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,000</u>
Capital assets being depreciated:					
Buildings and improvements	562,466	-	-	-	562,466
Equipment and furniture	96,439	-	-	-	96,439
Vehicles	84,016	-	-	-	84,016
Leasehold improvements	164,413	-	-	-	164,413
Total capital assets being depreciated	<u>907,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>907,334</u>
Less accumulated depreciation for:					
Buildings and improvements	62,935	14,065	-	-	77,000
Equipment and furniture	83,503	4,245	-	-	87,748
Vehicles	34,125	5,770	-	-	39,895
Leasehold improvements	147,535	1,212	-	-	148,747
Total accumulated depreciation	<u>328,098</u>	<u>\$ 25,292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>353,390</u>
Total capital assets being depreciated, net	<u>579,236</u>				<u>553,944</u>
<b>Water Fund capital assets, net</b>	<u>\$ 753,236</u>				<u>\$ 727,944</u>

Activity for the Tourism Development Authority or the year ended June 30, 2020, was as follows:

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

#### Net Investment in Capital Assets

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

	Governmental Activities	Business- Type Activities	ABC Board	TDA
Capital assets, net of depreciation	\$ 29,214,306	\$ 771,713	727,944	\$ -
Less: Long-term debt	(10,175,000)	(289,055)	-	-
Net investment in capital assets	<u>\$ 19,039,306</u>	<u>\$ 482,658</u>	<u>727,944</u>	<u>\$ -</u>

#### B. Liabilities

##### 1. Payables

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

	Vendors	Salaries and Benefits	Total
<b>Governmental Activities:</b>			
General	\$ 2,262,333	\$ 71,982	\$ 2,334,315
Other governmental	2,649,100	-	2,649,100
Total governmental activities	<u>\$ 4,911,433</u>	<u>\$ 71,982</u>	<u>\$ 4,983,415</u>
<b>Business-Type Activities:</b>			
Landfill Fund	\$ 165,432	\$ 8,089	\$ 173,521
Total business-type activities	<u>\$ 165,432</u>	<u>\$ 8,089</u>	<u>\$ 173,521</u>

##### 2. Pension Plan and Other Post Employment Obligations

###### a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 9.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,677,335 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.

***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 \$7,925,955 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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 0.29023% (measured as of June 30, 2019), which was an increase of 0.00231% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$3,502,970. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,357,124	\$ -
Changes of assumptions	1,291,799	-
Net difference between projected and actual earnings on pension plan investments	193,325	-
Changes in proportion and differences between County contributions and proportionate share of contributions	4,785	103,111
County contributions subsequent to the measurement date	1,677,335	-
Total	<u>\$ 4,524,368</u>	<u>\$ 103,111</u>

\$1,677,335 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 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>	
2021	1,385,510
2022	402,303
2023	737,712
2024	218,397
2025	-
Thereafter	-
Total	<u>\$ 2,743,922</u>

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

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



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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

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

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

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

	<b>1 % Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$18,128,108	\$7,925,955	(\$554,101)

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

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

b. Law Enforcement Officers' Special Separation Allowance

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

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

Retirees Receiving Benefits	12
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	-
Active Plan Members	63
Total	<u>75</u>

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. 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	2.5 percent per annum.
Salary increases	3.50 percent per annum.
Discount rate	3.26 percent per annum, compounded annually.

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2014.

(4) Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration cost of the Separation Allowance are financed through investment earnings. The County paid \$154,913 as benefits came due for the reporting period.

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

At June 30, 2020, the County reported a total pension liability of \$2,063,769. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$175,012.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,247	\$ 11,670
Changes of assumptions and other inputs	99,467	64,141
County benefit payments and administrative expenses subsequent to the measurement date.	-	-
	<u>\$ 142,714</u>	<u>\$ 75,811</u>

The County paid \$0 in benefit payments and \$0 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 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	16,262
2022	16,903
2023	17,037
2024	9,524
2025	7,177
Thereafter	-
	<u>\$ 66,903</u>

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.26 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%)
Total pension liability	\$ 2,238,582	\$ 2,063,769	\$ 1,905,359

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

	2020
Beginning balance	\$ 2,000,859
Service Cost	88,830
Interest on the total pension liability	69,920
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	2,051
Changes of assumptions or other inputs	62,066
Benefit payments	(159,957)
Other changes	-
Ending balance of the total pension liability	<u>\$ 2,063,769</u>

**Changes of assumptions.** Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2019 to 3.26 percent at June 30, 2020.

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and the County has elected to contribute five percent of all employees participating in the State retirement system. All law enforcement amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$1,178,775, which consisted of \$913,747 from the County and \$265,028 from the employees.

d. Register of Deeds' Supplemental Pension Fund

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

**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 \$2,725 for the year ended June 30, 2020.

***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 \$60,831 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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 0.30813%, which was a decrease of 0.04415% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$8,181. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 2,933
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	622	-
Changes of assumptions	6,413	763
County contributions subsequent to the measurement date	2,725	
<b>Total</b>	<b>\$ 9,760</b>	<b>\$ 3,696</b>

\$2,725 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:

Year Ended June 30	
2021	192
2022	2,739
2023	1,610
2024	(1,202)
2025	-
Total	<u>\$ 3,339</u>

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

Inflation	3.0 percent
Salary Increases	3.50 to 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 as of December 31, 2014.

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

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

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 3.05%. All rates of return and inflation are annualized.

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

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1 % Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	(\$4,098)	\$60,831	(\$2,274)

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

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

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

	<b>LGERS</b>	<b>ROD</b>	<b>LEOSSA</b>	<b>Total</b>
Proportionate Share of Net Pension Liability (Asset)	\$ 7,925,955	\$ (60,831)	n/a	\$ 7,865,124
Proportion of the Net Pension Liability (Asset)	0.29023%	0.30813%	n/a	
Total Pension Liability	\$ -	\$ -	\$ 2,063,769	\$ 2,063,769
Pension Expense	\$ 3,502,970	\$ 8,181	\$ 175,012	\$ 3,686,163

As 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>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 1,357,124	\$ -	\$ 43,247	\$ 1,400,371
Changes of assumptions	1,291,799	6,413	99,467	1,397,679
Net difference between projected and actual earnings on pension plan investments	193,325	-	-	193,325
Changes in proportion and differences between County contributions and proportionate share of contributions	4,785	622	-	5,407
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,677,335	2,725	-	1,680,060
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ -	\$ 2,933	\$ 11,670	\$ 14,603
Changes of assumptions	-	763	64,141	64,904
Changes in proportion and differences between County contributions and proportionate share of contributions	103,111	-	-	103,111

e. Other Post Employment BenefitsHealthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2019, the date of latest actuarial valuation:

	General	Law Enforcement Employees
Retirees and dependents receiving benefits	32	12
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	326	63
Total	358	75

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

**Total OPEB Liability**

The County's total OPEB liability of \$9,721,789 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

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

<b>Changes in the Total OPEB Liability</b>	
<b>Balance at July 1, 2019</b>	<b>\$ 9,834,843</b>
<b>Changes for the year</b>	
Service cost	413,685
Interest	349,816
Changes of benefit terms	-
expected and actual	(315,563)
Changes in assumptions or	
other inputs	(315,626)
Benefit Payments	(245,366)
<b>Net changes</b>	<b>(113,054)</b>
<b>Balance at June 30, 2020</b>	<b>\$ 9,721,789</b>

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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

	<b>1 % Decrease (2.89%)</b>	<b>Discount Rate (3.89%)</b>	<b>1% Increase (4.89%)</b>
Total OPEB Liability	\$10,830,688	\$9,721,789	\$8,951,795

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

	<b>1 % Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB Liability	\$8,691,586	\$9,721,789	\$11,208,800

**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 \$613,883. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 314,611
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	-
Changes of assumptions	-	684,379
County contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 998,990</u>

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 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	(149,618)
2022	(149,618)
2023	(149,618)
2024	(149,618)
2025	(149,618)
Thereafter	(250,900)
Total	<u>\$ (998,990)</u>

**Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
(Pensions, OPEB) - difference between expected and actual experience	\$ 1,400,371	\$ 329,214
(Pensions, OPEB) - Net difference between projected and actual investment earnings	193,325	-
(Pensions, OPEB) - change in proportion and difference between employer contributions and proportionate share of contributions	5,407	103,111
(Pensions, OPEB) - change in assumptions	1,397,679	749,283
Contributions to pension plan subsequent to measurement date (LGRS, ROD)	1,680,060	-
Deferred Charges - refunding	1,274,468	-
Prepaid taxes not yet earned (General)	-	79,556
Taxes receivable, net, less penalties (General)	-	1,795,397
Taxes receivable, net, less penalties (Special Revenue)	-	122,632
Total	<u>\$ 5,951,310</u>	<u>\$ 3,179,193</u>

**f. Other Employment Benefits**

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



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

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,755,203 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 81% of the total estimated capacity of the old landfill and 53 % of the total estimated capacity of the new landfill. Lenoir County closed the old facility in the fiscal year ended 1999. Total cost incurred to date on the final cover of the old and new landfill is \$1,176,377 and \$1,041,995, respectively. The County will recognize the remaining estimated cost of closure and post-closure care of \$3,955,761 as the remaining estimated capacity of the new landfill is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### 5. Risk Management

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

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

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

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

Lenoir County ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health coverage. The Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

Kinston-Lenoir County Tourism Development Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority does not carry flood insurance. The Authority does carry commercial coverage for all other risks of loss. There have been not significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Authority has no employees.

#### 6. Contingent Liabilities

At June 30, 2020, in the opinion of the County's management and the County attorney, there are no legal matters that will have a material adverse effect on the County's financial position.

## 7. Long-Term Obligations

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

### a. General Obligation Indebtedness

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

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

Serviced by the County's General Fund:

\$18,970,000 of 2013 Refunding Bonds, in annual installments of up to \$1,770,000 through February 1, 2028	\$ 13,200,000
\$24,318,000 of 2015 Refunding Bonds, in annual installments of up to \$2,751,000 through February 1, 2029	19,578,000
	<u>\$ 32,778,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 3,868,000	\$ 980,061
2022	3,833,000	857,860
2023	3,793,000	736,672
2024	3,752,000	453,048
2025	3,768,000	359,077
2026-2029	13,764,000	567,083
Total	\$ 32,778,000	\$ 3,953,801
Premium on bonds	1,316,025	-
	<u>\$ 34,094,025</u>	<u>\$ 3,953,801</u>

As June 30, 2020, Lenoir County had a legal debt margin of \$288,433,349.

### b. Notes Payable

On October 14, 2010, the County issued \$18,500,000 of direct placement Recovery Zone Economic Development Bonds to enable the County to construct a new five story, 65,000 square foot jail facility on County owned property. The loan is through BB&T and requires annual installments of \$925,000 through October 14, 2030. At June 30, 2020, the balance of the note was \$10,175,000.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 925,000	\$ 625,763
2022	925,000	568,875
2023	925,000	511,988
2024	925,000	455,100
2025	925,000	398,213
2026-2030	4,625,000	1,137,751
2031	925,000	56,888
Total	<u>\$ 10,175,000</u>	<u>\$ 3,754,578</u>

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

Year Ending June 30	Interest Rebate
2021	\$ 281,593
2022	255,994
2023	230,395
2024	204,795
2025	179,196
2026-2030	511,988
2031	25,600
Total	<u>\$ 1,689,560</u>

On September 11, 2019, the County issued \$177,973 of direct placement to purchase a 2020 Mack Truck in the Landfill Fund. The loan is through First Bank and requires annual installments of \$38,605.57 through 2025. At June 30, 2020, the balance of the note was \$177,973.

Year Ending June 30	Business Activities	
	Principal	Interest
2021	\$ 33,956	\$ 4,950
2022	34,501	4,104
2023	35,484	3,121
2024	36,496	2,110
2025	37,536	1,070
Total	<u>\$ 177,973</u>	<u>\$ 15,355</u>

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

#### c. Capital Leases

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

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

The following is an analysis of the assets recorded under the capital lease at June 30, 2020:

Business-type:	Cost	Accumulated Depreciation	Net
Equipment	\$ 150,000	\$ 51,429	\$ 98,571
Telephones	3,144	3,144	-
	<u>\$ 153,144</u>	<u>\$ 54,573</u>	<u>\$ 98,571</u>

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2021	\$ 21,233	\$ 5,331
2022	22,253	4,311
2023	23,322	3,242
2024	24,442	2,122
2025	19,745	948
Total	<u>\$ 110,995</u>	<u>\$ 15,954</u>

d. Advance Refunding

On April 2, 2013, the County issued \$18,970,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust to be used for all future debt service payments of \$18,100,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$870,000. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$636,386 and resulted in an economic gain of \$543,488.

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

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$10,175,000 relates to assets the County holds title.

## e. Long-Term Obligation Activity

	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
<b>Governmental Activities:</b>					
General obligation debt	\$ 38,150,531	\$ -	\$ 4,056,506	\$ 34,094,025	\$ 3,868,000
Direct placement notes payable	11,100,000	-	925,000	10,175,000	925,000
Compensated absences	1,430,215	845,277	774,807	1,500,685	845,277
Net pension liability (LGRS)	6,693,838	1,073,598	-	7,767,436	-
Total pension liability (LEOSSA)	2,000,859	62,910	-	2,063,769	-
Net OPEB Liability	9,638,146	-	110,793	9,527,353	-
Total governmental activities	\$ 69,013,589	\$ 1,981,785	\$ 5,867,106	\$ 65,128,268	\$ 5,638,277
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care costs	\$ 2,674,306	80,897	\$ -	\$ 2,755,203	\$ -
Direct placement notes payable	-	177,973	-	177,973	33,956
Capital leases	131,342	-	20,260	111,082	21,233
Compensated absences	36,115	16,968	17,893	35,190	-
Net pension liability (LGRS)	136,609	21,910	-	158,519	-
Net OPEB Liability	196,697	-	2,261	194,436	-
Total business-type activities	\$ 3,175,069	\$ 297,748	\$ 40,414	\$ 3,432,403	\$ 55,189

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

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

	Balance 6/30/2019	Increases	Decreases	Balance 6/30/2020	Current Portion
<b>ABC Board:</b>					
Net pension liability (LGRS)	\$ 118,617	\$ 3,728	-	\$ 122,345	\$ -
Total business-type activities	\$ 118,617	\$ 3,728	\$ -	\$ 122,345	\$ -

III. Joint Governed Organization

The County has joined with other counties and municipalities in the area to establish the Eastern Carolina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$17,750 to the Council during the fiscal year ended June 30, 2020. The County has no equity interest in the Council.

IV. Joint Ventures

The County in conjunction with the City of Kinston, participates in the Tourism Development Authority. The County appoints three members to the seven member board. The County has the authority to levy a Tourism tax and also serves as the collection agency for the Authority's taxes; however, the County does not have the power to determine the nature or type of tax imposed. Total funds remitted to the Authority were \$244,681 for the year ended June 30, 2020. The Authority controls the disbursements of all funds and the County has no responsibility for financing deficits or providing guarantees of the unit, nor is it entitled to any surpluses. The County has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Authority's offices at City of Kinston, 301 N. Queen Street, Kinston, NC 28502.

The County also participates in a joint venture to operate Neuse Regional Library with three other local governments. Lenoir County appoints two board members to the twelve member board of the Library. The County has an on-going financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$745,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library offices, at 510 N. Queen Street, City of Kinston, NC 28501.

The County, in conjunction with the State of North Carolina and the Lenoir County Board of Education, participates in a joint venture to operate the Lenoir County Community College. Each of the three participants appoints four members of the thirteen member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,662,985 to the community college for operating purposes during the fiscal year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the community college may be obtained from the community college's administrative offices at 231 Highway 58 South, Kinston, NC 28502.

Effective July 1, 2002 the County in conjunction with Duplin County, Sampson County and Wayne County, participated in a joint venture to operate Eastpointe. Each participating government appoints three board members to the fifteen member board. The County has an ongoing financial responsibility for the joint venture because Eastpointe's continued existence depends on the participating governments' continued funding. The County paid \$76,969 to the joint venture during the fiscal year ended June 30, 2020. None of the participating governments have any equity interest in the joint venture, so no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for Eastpointe can be obtained from their office at 117 Beasley Street, Kenansville, NC 28349.

VI. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

VII. Interfund Balances and Activitya. Interfund Balances

Transfers in (out) for the year ended June 30, 2020 are summarized below:

<u>Fund</u>	<u>To</u>	<u>From</u>
Vehicle Replacement Fund	\$ 509,133	
General Fund		\$ 509,133
General Fund		2,827,400
Capital Improvements Fund	2,827,400	
Scrap Tire Disposal Fund	\$ 80,000	
Landfill Fund		\$ 80,000
School Capital Outlay Fund		2,250,000
General Fund	2,250,000	
Total	<u>\$ 5,666,533</u>	<u>\$ 5,666,533</u>

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

b. Fund Balance

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

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

<b>Total fund balance - General Fund</b>	<b>\$ 33,536,989</b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	5,929,757
<b>Subsequent Years' expenditures</b>	13,337,690
<b>Remaining Fund Balance</b>	<b>\$ 14,269,542</b>

Lenoir County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 8% of budgeted expenditures. The County has set a goal to increase unassigned fund balance to 20% of General Fund expenditures.

VIII. Detailed Note on Individual Fund Balance

As part of the loan agreement for the construction of the new landfill, the County is required to have a minimum fund balance in the Landfill Fund of \$1,000,000. At June 30, 2020, the net position for the Landfill Fund was \$1,381,411, consisting of \$482,658 invested in capital assets, and \$898,753 in unrestricted net position.

IX. Significant Effects of Subsequent Events

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

REQUIRED  
SUPPLEMENTAL FINANCIAL  
DATA

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This section contains additional information required by  
generally accounting principals.

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

Schedule of Contributions – Local Government Employees’ Retirement System

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

Schedule of Contributions – Register of Deeds

Schedule of Changes in Total Pension Liability - LEOSSA

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

Schedule of Changes in Net OPEB Liability and Related Ratios

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

**Local Government Employees' Retirement System**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.29023%	0.28792%	0.29992%	0.29980%	0.28664%	0.2894%	0.2910%
County's proportion of the net pension liability (asset) (\$)	\$ 7,925,955	\$6,830,447	\$ 4,581,947	\$ 6,362,760	\$ 1,286,423	\$ (1,706,548)	\$ 3,496,819
County's covered-employee payroll	\$ 19,162,991	\$ 18,101,771	\$ 18,838,684	\$ 17,874,894	\$ 17,410,807	\$ 16,749,562	\$ 16,840,294
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.36%	37.73%	24.32%	35.60%	7.39%	( 10.19%)	20.76%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

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



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

**Local Government Employees' Retirement System**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,677,335	\$ 1,520,115	\$ 1,392,193	\$ 1,333,262	\$ 1,219,998	\$ 1,239,815	\$ 1,184,194
Contributions in relation to the contractually required contribution	1,677,335	1,520,115	1,392,193	1,333,262	1,219,998	1,239,815	1,184,194
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 18,347,421	\$ 19,162,991	\$ 18,101,771	\$ 18,838,684	\$ 17,874,894	\$ 17,410,807	\$ 16,749,562
Contributions as a percentage of covered-employee payroll	9.14%	7.93%	7.69%	7.08%	6.83%	7.12%	7.07%

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

**Registers of Deeds' Supplemental Pension Fund**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
County's proportion of the net pension liability (asset) (%)	0.30813%	0.35228%	0.34169%	0.35750%	0.34471%	0.3733%	0.3368%
County's proportionate of the net pension liability (asset) (\$)	\$ (60,831)	\$ (58,348)	\$ (58,323)	\$ (66,838)	\$ (79,883)	\$ (84,603)	\$ (71,934)
Plan fiduciary net position as a percentage of the total pension liability**	151.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

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

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

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

**Registers of Deeds' Supplemental Pension Fund**

	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>	<u><b>2016</b></u>	<u><b>2015</b></u>	<u><b>2014</b></u>
Contractually required contribution	\$ 2,725	\$4,738	\$ 4,497	\$ 2,969	\$ 2,921	\$ 2,758	\$ 3,048
Contributions in relation to the contractually required contribution	2,725	\$4,738	4,497	2,969	2,921	2,758	3,048
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Lenoir County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	2,000,859	2,015,880	1,966,128	2,036,660
Service Cost	88,830	96,749	67,336	74,477
Interest on the total pension liability	69,920	61,187	72,611	69,626
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	2,051	63,548	(25,344)	-
Changes of assumptions or other inputs	62,066	(77,362)	105,173	(41,923)
Benefit payments	(159,957)	(159,143)	(170,024)	(172,712)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 2,063,769</u>	<u>\$ 2,000,859</u>	<u>\$ 2,015,880</u>	<u>\$ 1,966,128</u>

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

**Lenoir County, North Carolina**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2020\***

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 413,685	413,685	449,600
Interest	349,816	349,816	301,656
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(315,563)	(315,563)	(49,968)
Changes of assumptions	(315,626)	(315,626)	(539,717)
Benefit payments	(245,366)	(245,366)	(467,471)
<b>Net change in total OPEB liability</b>	(113,054)	(113,054)	(305,900)
<b>Total OPEB liability - beginning</b>	9,834,843	9,947,897	10,253,797
<b>Total OPEB liability - ending</b>	<b>\$ 9,721,789</b>	<b>9,834,843</b>	<b>9,947,897</b>
County's covered-employee payroll	\$ 14,684,920	14,684,920	14,684,920
County's OPEB liability as a percentage of its covered-employee payroll	66.20%	66.97%	67.74%

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

**Lenoir County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<b>2020</b>		<b>2019</b>		<b>2018</b>		<b>2017</b>
Total pension liability	\$ 2,063,769	\$	2,000,859	\$	2,015,880	\$	1,966,128
Covered payroll	3,182,217		3,168,467		2,686,872		2,852,399
Total pension liability as a percentage of covered payroll	64.85%		63.15%		75.03%		68.93%

Notes to the schedules:

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

## GENERAL FUND

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

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**Lenoir County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad Valorem Taxes:			
Taxes	\$ 34,044,000	\$ 34,707,503	\$
Penalties and Interest	300,000	249,156	
Total	<u>34,344,000</u>	<u>34,956,659</u>	<u>612,659</u>
Other Taxes and Licenses:			
Local option sales tax	8,600,000	9,429,577	
Real estate transfer tax	103,000	101,194	
Motor vehicle rental tax	30,000	29,914	
Occupancy and tourism tax	242,000	188,607	
Privilege licenses	1,500	2,380	
Total	<u>8,976,500</u>	<u>9,751,672</u>	<u>775,172</u>
Unrestricted Intergovernmental:			
Beer and wine tax	145,000	142,868	
Video franchise tax	89,000	83,395	
Housing Authority payment in lieu of taxes	-	17,770	
ABC profit distribution	200,000	428,393	
Total	<u>434,000</u>	<u>672,426</u>	<u>238,426</u>
Restricted Intergovernmental:			
State and Federal Grants	800,566	815,478	
Cares Act	1,256,310	1,256,310	
Public school capital projects	700,000	681,000	
Disaster funds, grants, and other	323,648	818,403	
Health Department grants	1,756,406	1,871,331	
Social service grants	7,807,238	6,936,214	
Other grants	112,765	245,907	
Court facilities fees	100,000	100,179	
PEG access fees	40,272	54,705	
ABC bottle taxes	15,000	19,462	
Interest rebate - RZED bonds	307,192	289,068	
Total	<u>13,219,397</u>	<u>13,088,057</u>	<u>(131,340)</u>
Permits and Fees:			
Sheriff fees	997,396	998,597	
Register of Deeds	190,000	177,032	
Inspection fees	371,000	451,031	
Tax collection fees	135,000	146,033	
Total	<u>1,693,396</u>	<u>1,772,693</u>	<u>79,297</u>



**Lenoir County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
<b>Sales and Services:</b>			
Rents and parking	157,635	156,533	
Jail fees	90,000	64,107	
Social services revenues	23,537	13,760	
Health department fees	345,187	265,407	
Emergency medical service fees	2,734,081	2,800,807	
Total	<u>3,350,440</u>	<u>3,300,614</u>	<u>(49,826)</u>
 Investment Earnings: Interest	 <u>401,500</u>	 <u>390,847</u>	 <u>(10,653)</u>
 <b>Miscellaneous:</b>			
Fines	350,000	206,223	
Hospital annual payment	500,000	500,000	
Sale of fixed assets	7,500	5,367	
Reimbursement for city elections	59,513	27,558	
Other revenues	469,125	164,370	
Total	<u>1,386,138</u>	<u>903,518</u>	<u>(482,620)</u>
 TOTAL REVENUES	 <u>63,805,371</u>	 <u>64,836,486</u>	 <u>1,031,115</u>
 <b>Expenditures:</b>			
<b>General Government:</b>			
Governing body	260,467	248,347	
Administration and Finance	857,564	826,969	
Tax administration	846,659	798,354	
Management information systems	1,255,660	991,110	
Legal	47,500	25,407	
Register of deeds	320,343	293,432	
Elections	1,020,823	726,166	
Public buildings	1,115,784	988,558	
Non-departmental	2,690,742	2,901,362	
Outside agencies	142,597	125,923	
Total general government	<u>8,558,139</u>	<u>7,925,628</u>	<u>632,511</u>
 <b>Public Safety:</b>			
Sheriff	5,727,926	5,508,495	
Jail	5,043,207	5,110,486	
Concealed weapon	58,976	51,571	
Emergency management	483,947	454,317	
Central communications	2,066,289	2,048,434	
Emergency Medical Services Department	4,439,813	4,300,407	
Inspections	245,304	239,336	
FEMA	142,614	142,613	
Medical examiner	50,000	53,700	
Cares Act	1,235,309	105,540	
Total	<u>19,493,385</u>	<u>18,014,899</u>	<u>1,478,486</u>
 <b>Economic and physical development:</b>			
Economic Development	330,198	238,469	
Agricultural extension	500,977	477,818	
Cooperative extension prevention block grant	127,323	115,578	
Soil/water conservation	32,974	32,790	
Total	<u>991,472</u>	<u>864,655</u>	<u>126,817</u>

**Lenoir County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Human services:			
Health:			
Nutrition programs	375,414	354,994	
Environmental Health	505,054	500,413	
Administration	1,289,349	1,238,017	
Animal control	324,088	262,563	
Immunizations	92,639	94,170	
Eastpointe Drug Treatment	85,860	76,969	
Other health programs	1,681,086	1,301,173	
Total	<u>4,353,490</u>	<u>3,828,299</u>	<u>525,191</u>
Mental Health:			
Regional mental health	245,715	245,715	-
Total	<u>245,715</u>	<u>245,715</u>	<u>-</u>
Social services:			
Administration	9,087,420	7,639,480	
Temporary Assistance for Needy Families	482,935	443,868	
Medical assistance	59,000	55,391	
Child support enforcement	103,721	76,419	
Adult daycare	738,339	632,650	
Social Services Block Grant	104,709	99,864	
Food assistance	25,000	22,111	
Income maintenance programs	140,000	79,812	
Adoption assistance	203,626	126,774	
H&CC Block Grant	561,887	559,607	
Foster care	443,158	92,628	
Services to the blind	8,573	8,573	
Crisis intervention	801,133	579,251	
Other assistance	47,714	32,474	
Total social services	<u>12,807,215</u>	<u>10,448,902</u>	<u>2,358,313</u>
Bioterrorism	110,333	31,441	78,892
Veteran's Services	34,696	27,291	7,405
Total Human Services	<u>17,551,449</u>	<u>14,581,648</u>	<u>2,969,801</u>
Cultural and Recreational:			
Recreation	930,000	930,000	
Library	745,000	745,000	-
Total Cultural and Recreational	<u>1,675,000</u>	<u>1,675,000</u>	<u>-</u>
Education:			
Public Schools:			
Total Education	<u>12,662,985</u>	<u>12,662,985</u>	<u>-</u>

**Lenoir County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Principal	4,869,858	4,817,000	
Interest and Fees	1,785,500	1,785,500	
Total Debt Service	<u>6,655,358</u>	<u>6,602,500</u>	<u>52,858</u>
 TOTAL EXPENDITURES	 <u>67,587,788</u>	 <u>62,327,315</u>	 <u>5,260,473</u>
 Revenues over Expenditures	 <u>(3,782,417)</u>	 <u>2,509,171</u>	 <u>6,291,588</u>
Other financing sources (uses):			
Fund Balance Appropriated	4,868,950	-	
Transfers (to)/from Other Funds:			
Special revenue - school capital fund	2,250,000	2,250,000	
Capital Improvement fund	(2,827,400)	(2,827,400)	
Vehicle Replacement Fund	(509,133)	(509,133)	
Total Other Financing Sources (Uses)	<u>3,782,417</u>	<u>(1,086,533)</u>	<u>(4,868,950)</u>
 Net change in fund	 \$ <u>-</u>	 1,422,638	 \$ <u>1,422,638</u>
Fund balances:			
Beginning of year, July 1		31,886,726	
End of year, June 30		<u>\$ 33,309,364</u>	

**Lenoir County, North Carolina**  
**School Capital Outlay Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local option sales tax	\$ 2,250,000	\$ 2,430,848	\$ 180,848
Total Revenues	<u>2,250,000</u>	<u>2,430,848</u>	<u>180,848</u>
Expenditures:			
Public school building projects	<u>461,343</u>	<u>383,050</u>	<u>78,293</u>
Total Expenditures	<u>461,343</u>	<u>383,050</u>	<u>78,293</u>
Revenues Over (Under) Expenditures	<u>1,788,657</u>	<u>2,047,798</u>	<u>259,141</u>
Other Financing Sources (Uses):			
Transfers in (out)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,250,000)</u>	<u>(2,250,000)</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Uses	(461,343)	(202,202)	259,141
Fund Balance Appropriated	<u>461,343</u>	<u>-</u>	<u>(461,343)</u>
Net change in fund balance	\$ <u>-</u>	(202,202)	\$ <u>(202,202)</u>
Fund Balance:			
Beginning of Year, July 1		<u>(100,740)</u>	
End of Year, June 30		\$ <u>(302,942)</u>	

**Lenoir County, North Carolina**  
**Hazard Mitigation Grant Program - Hurricane Matthew**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**From Inception and For the Fiscal Year Ended June 30, 2020**

		Actual				Variance
	Project Authorization	Prior Years	Current Year	Totals to Date		Favorable (Unfavorable)
<b>Revenues</b>						
Restricted intergovernmental						
Federal grants:						
HMPG-4285-039-R-MATTHEW	\$ 7,925,908	\$ 286,856	\$ 3,512,986	\$ 3,799,842	\$	
State grants:						
SARF-4285-39-R-MATTHEW	5,246,500	-	531,194	531,194		
Total Revenues	<u>13,172,408</u>	<u>286,856</u>	<u>4,044,180</u>	<u>4,331,036</u>		<u>8,841,372</u>
<b>Expenditures</b>						
Economic & community development						
Administration	13,400	946	256	1,202		
Acquisition Hard Cost	7,573,158	194,329	4,119,960	4,314,289		
Acquisition Soft Cost	352,750	91,581	165,974	257,555		
Relocation Assistance	415,000	-	111,379	111,379		
Gap Assistance	4,150,000	-	572,887	572,887		
Service Delivery Costs	456,500	-	80,500	80,500		
Rehabilitation	211,600	-	-	-		
Total Expenditures	<u>13,172,408</u>	<u>286,856</u>	<u>5,050,956</u>	<u>5,337,812</u>		<u>7,834,596</u>
Revenues Over (Under) Expenditures	\$ <u>-</u>	\$ <u>-</u>	(1,006,776)	\$ <u>(1,006,776)</u>	\$	<u>(1,006,776)</u>
<b>Fund Balance:</b>						
Beginning of Year, July 1			-			
End of Year, June 30			\$ <u>(1,006,776)</u>			

**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,546,985	\$ 1,739,632	\$ 3,286,617
Restricted cash	469,545	-	469,545
Accounts receivable, net	410,522	-	410,522
Taxes receivable (net)	122,632	-	122,632
Due from other governments	66,977	-	66,977
	<u>2,616,661</u>	<u>1,739,632</u>	<u>4,356,293</u>
Total Assets	\$ 2,616,661	\$ 1,739,632	\$ 4,356,293
<b>Liabilities and Fund Balances:</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 299,673	\$ 242,272	\$ 541,945
Due from other funds	-	-	-
Total liabilities	<u>299,673</u>	<u>242,272</u>	<u>541,945</u>
<b>Deferred Inflows of Resources</b>			
Property taxes receivable	<u>122,632</u>	<u>-</u>	<u>122,632</u>
Total deferred inflows of resources	<u>122,632</u>	<u>-</u>	<u>122,632</u>
<b>Fund Balances:</b>			
Restricted			
Stabilization by State Statute	477,499	-	477,499
Register of Deeds	156,479	-	156,479
Sheriff	367,423	-	367,423
Emergency services	511,127	-	511,127
School Capital	-	-	-
Economic and Community Development	-	-	-
Committed			
Capital improvements	-	-	-
Scrap tire disposal	124,227	-	124,227
Vehicle replacement	153,356	-	153,356
Unassigned	<u>404,245</u>	<u>1,497,360</u>	<u>1,901,605</u>
Total fund balances	<u>2,194,356</u>	<u>1,497,360</u>	<u>3,691,716</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 2,616,661</u>	<u>\$ 1,739,632</u>	<u>\$ 4,356,293</u>

**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 1,608,996	\$ -	\$ 1,608,996
Local option sales tax	246,625	-	246,625
Restricted intergovernmental	2,471,632	331,730	2,803,362
Charges for services	63,101	-	63,101
Investment earnings	208	-	208
Other	122,508	-	122,508
Total revenues	<u>4,513,070</u>	<u>331,730</u>	<u>4,844,800</u>
Expenditures:			
General government	672,044	799,637	1,471,681
Public safety	2,280,215	-	2,280,215
Human services	1,574,201	-	1,574,201
Economic and physical development	-	2,402,374	2,402,374
Sanitation	160,005	-	160,005
Education	-	-	-
Total Expenditures	<u>4,686,465</u>	<u>3,202,011</u>	<u>7,888,476</u>
Revenues Over (Under) Expenditures	<u>(173,395)</u>	<u>(2,870,281)</u>	<u>(3,043,676)</u>
Other Financing Sources (Uses):			
Transfers from (to) other sources	589,133	2,827,400	3,416,533
Transfers from (to) other sources	-	-	-
Total other financing sources (uses)	<u>589,133</u>	<u>2,827,400</u>	<u>3,416,533</u>
Net change in Fund Balance	415,738	(42,881)	372,857
Fund balances:			
Beginning of Year, July 1	<u>1,778,618</u>	<u>1,540,241</u>	<u>3,318,859</u>
End of year, June 30	<u>\$ 2,194,356</u>	<u>\$ 1,497,360</u>	<u>\$ 3,691,716</u>

## SPECIAL REVENUE FUNDS

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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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**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Federally Seized Property Fund	Scrap tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 106,677	\$ 452,344	564,295	\$ 10,243	\$ 220,888	\$ 156,479	\$ 36,059	\$ 1,546,985
Restricted cash	331,364	138,181	-	-	-	-	-	-	-	-	469,545
Accounts receivable, net	-	26,076	-	2,414	336,159	45,873	-	-	-	-	410,522
Taxes receivable (net)	-	-	-	122,632	-	-	-	-	-	-	122,632
Due from other governments	-	-	-	66,977	-	-	-	-	-	-	66,977
Total Assets	<u>\$ 331,364</u>	<u>\$ 164,257</u>	<u>\$ -</u>	<u>\$ 298,700</u>	<u>\$ 788,503</u>	<u>610,168</u>	<u>\$ 10,243</u>	<u>\$ 220,888</u>	<u>\$ 156,479</u>	<u>\$ 36,059</u>	<u>\$ 2,616,661</u>
<b>Liabilities and Fund Balances:</b>											
<b>Current liabilities:</b>											
Accounts payable	\$ -	\$ 13,954	\$ 44,554	\$ 76,717	\$ 35,100	53,168	\$ 8,648	\$ 67,532	\$ -	\$ -	\$ 299,673
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>13,954</u>	<u>44,554</u>	<u>76,717</u>	<u>35,100</u>	<u>53,168</u>	<u>8,648</u>	<u>67,532</u>	<u>-</u>	<u>-</u>	<u>299,673</u>
<b>Deferred Inflows of Resources</b>											
Property taxes receivable	-	-	-	122,632	-	-	-	-	-	-	122,632
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,632</u>
<b>Fund Balances:</b>											
Restricted											
Stabilization by State Statute	-	26,076	-	69,391	336,159	45,873	-	-	-	-	477,499
Register of Deeds	-	-	-	-	-	-	-	-	156,479	-	156,479
Sheriff	331,364	-	-	-	-	-	-	-	-	36,059	367,423
Emergency services	-	-	-	-	-	511,127	-	-	-	-	511,127
School Capital	-	-	-	-	-	-	-	-	-	-	-
Economic and Community Development	-	-	-	-	-	-	-	-	-	-	-
Committed											
Scrap tire disposal	-	124,227	-	-	-	-	-	-	-	-	124,227
Vehicle replacement	-	-	-	-	-	-	-	153,356	-	-	153,356
Unassigned	-	-	(44,554)	29,960	417,244	-	1,595	-	-	-	404,245
Total fund balances	<u>331,364</u>	<u>150,303</u>	<u>(44,554)</u>	<u>99,351</u>	<u>753,403</u>	<u>557,000</u>	<u>1,595</u>	<u>153,356</u>	<u>156,479</u>	<u>36,059</u>	<u>2,194,356</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 331,364</u>	<u>\$ 164,257</u>	<u>\$ -</u>	<u>\$ 298,700</u>	<u>\$ 788,503</u>	<u>610,168</u>	<u>\$ 10,243</u>	<u>\$ 220,888</u>	<u>\$ 156,479</u>	<u>\$ 36,059</u>	<u>\$ 2,616,661</u>

**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	Federally Seized Property Fund	Scrap Tire Disposal Fund	Revaluation Reserve Fund	Fire District Funds	Transportation Grant Project Fund	Hazard Mitigation Grant Program	Emergency Telephone System Fund	Family and Caregiver Education Fund	Vehicle Replacement Fund	Automation Preservation Fund	State Controlled Substance Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>												
Ad Valorem Taxes	\$ -	\$ -	\$ 65,814	\$ 1,543,182	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,608,996
Local option sales tax	-	-	-	246,625	-	-	-	-	-	-	-	246,625
Restricted intergovernmental	110,997	89,529	-	-	1,629,082	-	550,473	70,044	-	19,679	1,828	2,471,632
Charges for services	-	-	-	-	63,101	-	-	-	-	-	-	63,101
Investment earnings	-	-	-	208	-	-	-	-	-	-	-	208
Other	-	-	-	-	64,435	-	-	-	58,073	-	-	122,508
Total revenues	<u>110,997</u>	<u>89,529</u>	<u>65,814</u>	<u>1,790,015</u>	<u>1,756,618</u>	<u>-</u>	<u>550,473</u>	<u>70,044</u>	<u>58,073</u>	<u>19,679</u>	<u>1,828</u>	<u>4,513,070</u>
<b>Expenditures:</b>												
General government	-	-	59,273	-	-	-	-	-	575,786	36,985	-	672,044
Public safety	39,114	-	-	1,790,089	-	-	449,797	-	-	-	1,215	2,280,215
Human Services	-	-	-	-	1,501,784	-	-	72,417	-	-	-	1,574,201
Economic and community development	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation	-	160,005	-	-	-	-	-	-	-	-	-	160,005
Education	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>39,114</u>	<u>160,005</u>	<u>59,273</u>	<u>1,790,089</u>	<u>1,501,784</u>	<u>-</u>	<u>449,797</u>	<u>72,417</u>	<u>575,786</u>	<u>36,985</u>	<u>1,215</u>	<u>4,686,465</u>
Revenues Over (Under) Expenditures	<u>71,883</u>	<u>(70,476)</u>	<u>6,541</u>	<u>(74)</u>	<u>254,834</u>	<u>-</u>	<u>100,676</u>	<u>(2,373)</u>	<u>(517,713)</u>	<u>(17,306)</u>	<u>613</u>	<u>(173,395)</u>
<b>Other Financing Sources (Uses):</b>												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other sources	-	80,000	-	-	-	-	-	-	509,133	-	-	589,133
Transfers from (to) CU	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from (to) other sources	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,133</u>	<u>-</u>	<u>-</u>	<u>589,133</u>
 Net change in Fund Balance	71,883	9,524	6,541	(74)	254,834	-	100,676	(2,373)	(8,580)	(17,306)	613	415,738
<b>Fund balances:</b>												
Beginning of Year, July 1	<u>259,481</u>	<u>140,779</u>	<u>(51,095)</u>	<u>99,425</u>	<u>498,569</u>	<u>-</u>	<u>456,324</u>	<u>3,968</u>	<u>161,936</u>	<u>173,785</u>	<u>35,446</u>	<u>1,778,618</u>
End of year, June 30	<u>\$ 331,364</u>	<u>\$ 150,303</u>	<u>\$ (44,554)</u>	<u>\$ 99,351</u>	<u>\$ 753,403</u>	<u>\$ (1,006,776)</u>	<u>\$ 557,000</u>	<u>\$ 1,595</u>	<u>\$ 153,356</u>	<u>\$ 156,479</u>	<u>\$ 36,059</u>	<u>\$ 2,194,356</u>

**Lenoir County, North Carolina**  
**Federally Seized Property Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Favorable (Unfavorable)
Revenues:			
Restricted intergovernmental	\$ 50,000	\$ 110,997	\$ 60,997
Total Revenues	<u>50,000</u>	<u>110,997</u>	<u>60,997</u>
Expenditures:			
Public safety			
Operating expenses	50,000	39,114	10,886
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Expenditures	<u>80,000</u>	<u>39,114</u>	<u>40,886</u>
Revenues Over (Under) Expenditures	<u>(30,000)</u>	<u>71,883</u>	<u>101,883</u>
Revenues and Other Financing Sources Over (Under) Uses	(30,000)	71,883	101,883
Fund Balance Appropriated	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balance	\$ <u>-</u>	71,883	\$ <u>71,883</u>
Fund Balance:			
Beginning of Year, July 1		<u>259,481</u>	
End of Year, June 30		\$ <u>331,364</u>	

**Lenoir County, North Carolina**  
**Scrap Tire Disposal Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
Tire disposal grant	\$ 1,000	\$ 12,212	\$ 11,212
Tire disposal - State fees	80,000	77,317	(2,683)
Total Revenue	<u>81,000</u>	<u>89,529</u>	<u>8,529</u>
Expenditures			
Contracted services	<u>161,000</u>	<u>160,005</u>	<u>995</u>
Total Expenditures	<u>161,000</u>	<u>160,005</u>	<u>995</u>
Revenues Over (Under) Expenditures	<u>(80,000)</u>	<u>(70,476)</u>	<u>9,524</u>
Other Financing Sources (Uses):			
Transfers in	80,000	80,000	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	9,524	9,524
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	9,524	\$ <u>9,524</u>
Fund Balance:			
Beginning of Year, July 1		<u>140,779</u>	
End of Year, June 30		<u>\$ 150,303</u>	

**Lenoir County, North Carolina**  
**Revaluation Reserve Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$ 65,814	\$ 65,814	\$ -
Total Revenue	<u>65,814</u>	<u>65,814</u>	<u>-</u>
Expenditures			
General government:			
Salaries and benefits	61,405	57,129	4,276
Operating expenditures	<u>4,409</u>	<u>2,144</u>	<u>2,265</u>
Total Expenditures	<u>65,814</u>	<u>59,273</u>	<u>6,541</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>6,541</u>	<u>6,541</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	-	6,541	6,541
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	6,541	\$ <u>6,541</u>
Fund Balance:			
Beginning of Year, July 1		<u>(51,095)</u>	
End of Year, June 30		\$ <u>(44,554)</u>	

**Lenoir County, North Carolina**  
**Fire District Funds**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Ad valorem taxes	\$	\$ 1,543,182	\$
Local option sales taxes		246,625	
Investment earnings		208	
Total Revenue	<u>1,805,000</u>	<u>1,790,015</u>	<u>(14,985)</u>
Expenditures			
Contracted services		1,790,089	
Total Expenditures	<u>1,805,000</u>	<u>1,790,089</u>	<u>14,911</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(74)</u>	<u>(74)</u>
Revenues and Other Financing Sources			
Over (Under) Expenditures and Other Uses	-	(74)	(74)
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	(74) \$	<u>(74)</u>
Fund Balance:			
Beginning of Year, July 1		<u>99,425</u>	
End of Year, June 30		\$ <u>99,351</u>	

**Lenoir County, North Carolina**  
**Transportation Grant Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental			
Department of Transportation	\$ 203,005	\$ 469,149	\$ 266,144
Other restricted revenue	1,159,223	1,159,933	710
Charges for services	76,500	63,101	(13,399)
Interest on investments	-	-	-
Other income	39,500	64,435	24,935
Total Revenue	<u>1,478,228</u>	<u>1,756,618</u>	<u>278,390</u>
Expenditures			
Human Services:			
Salaries and benefits	890,440	860,179	30,261
Other operating expenditures	342,033	315,844	26,189
Capital outlay	327,075	325,761	1,314
Total Expenditures	<u>1,559,548</u>	<u>1,501,784</u>	<u>57,764</u>
Revenues Over (Under) Expenditures	<u>(81,320)</u>	<u>254,834</u>	<u>336,154</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(81,320)</u>	<u>254,834</u>	<u>336,154</u>
Fund Balance Appropriated	<u>81,320</u>		<u>(81,320)</u>
Net change in fund balance	\$ <u>-</u>	254,834	\$ <u>254,834</u>
Fund Balance:			
Beginning of Year, July 1		<u>498,569</u>	
End of Year, June 30		\$ <u>753,403</u>	

**Lenoir County, North Carolina**  
**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 629,855	\$ 550,473	\$ (79,382)
Investment earnings	-	-	-
Total Revenue	<u>629,855</u>	<u>550,473</u>	<u>(79,382)</u>
Expenditures			
Public Safety:			
Operating expenditures	531,908	351,851	180,057
Capital outlay	<u>97,947</u>	<u>97,946</u>	<u>1</u>
Total Expenditures	<u>629,855</u>	<u>449,797</u>	<u>180,058</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>100,676</u>	<u>100,676</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	100,676	100,676
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	100,676	\$ <u>100,676</u>
Fund Balance:			
Beginning of Year, July 1		<u>456,324</u>	
End of Year, June 30		<u>\$ 557,000</u>	



**Lenoir County, North Carolina**  
**Family and Caregiver Education Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 70,044	\$ 70,044	\$ -
Total Revenue	<u>70,044</u>	<u>70,044</u>	<u>-</u>
Expenditures			
Human Services:			
Operating expenditures	<u>75,482</u>	<u>72,417</u>	<u>3,065</u>
Total Expenditures	<u>75,482</u>	<u>72,417</u>	<u>3,065</u>
Revenues Over (Under) Expenditures	<u>(5,438)</u>	<u>(2,373)</u>	<u>3,065</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(5,438)	(2,373)	3,065
Fund Balance Appropriated	<u>5,438</u>	<u>-</u>	<u>(5,438)</u>
Net change in fund balance	\$ <u>-</u>	(2,373)	\$ <u>(2,373)</u>
Fund Balance:			
Beginning of Year, July 1		<u>3,968</u>	
End of Year, June 30		\$ <u>1,595</u>	

**Lenoir County, North Carolina**  
**Vehicle Replacement Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Other income	\$ 70,000	\$ 58,073	\$ (11,927)
Total Revenue	<u>70,000</u>	<u>58,073</u>	<u>(11,927)</u>
Expenditures			
Public Safety:			
Operating expenditures	-	-	-
Capital outlay	<u>579,133</u>	<u>575,786</u>	<u>3,347</u>
Total Expenditures	<u>579,133</u>	<u>575,786</u>	<u>3,347</u>
Revenues Over (Under) Expenditures	<u>(509,133)</u>	<u>(517,713)</u>	<u>(8,580)</u>
Other Financing Sources (Uses):			
Transfers in	509,133	509,133	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>509,133</u>	<u>509,133</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	(8,580)	(8,580)
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	(8,580)	\$ <u>(8,580)</u>
Fund Balance:			
Beginning of Year, July 1		<u>161,936</u>	
End of Year, June 30		<u>\$ 153,356</u>	

**Lenoir County, North Carolina**  
**Automation Preservation Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 21,000	\$ 19,679	\$ (1,321)
Investment earnings	200	-	(200)
Total Revenue	<u>21,200</u>	<u>19,679</u>	<u>(1,521)</u>
Expenditures			
General government			
Operating expenditures	<u>38,482</u>	<u>36,985</u>	<u>1,497</u>
Total Expenditures	<u>38,482</u>	<u>36,985</u>	<u>1,497</u>
Revenues Over (Under) Expenditures	<u>(17,282)</u>	<u>(17,306)</u>	<u>(24)</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(17,282)	(17,306)	(24)
Fund Balance Appropriated	<u>17,282</u>	<u>-</u>	<u>(17,282)</u>
Net change in fund balance	\$ <u>-</u>	(17,306)	\$ <u>(17,306)</u>
Fund Balance:			
Beginning of Year, July 1		<u>173,785</u>	
End of Year, June 30		\$ <u>156,479</u>	

**Lenoir County, North Carolina**  
**State Controlled Substance Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 15,000	\$ 1,828	\$ (13,172)
Investment earnings	-	-	-
Total Revenue	<u>15,000</u>	<u>1,828</u>	<u>(13,172)</u>
Expenditures			
General government			
Operating expenditures	15,000	1,215	13,785
Capital outlay	-	-	-
Total Expenditures	<u>15,000</u>	<u>1,215</u>	<u>13,785</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>613</u>	<u>613</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfer in (out)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	-	613	613
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	613	\$ <u>613</u>
Fund Balance:			
Beginning of Year, July 1		<u>35,446</u>	
End of Year, June 30		<u>\$ 36,059</u>	

## CAPITAL PROJECTS FUNDS

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

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**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds - Capital Project Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Capital Improvements Fund
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,739,632
Accounts receivable, net	-
Total Assets	<u>\$ 1,739,632</u>
<b>Liabilities and Fund Balances:</b>	
<b>Current liabilities:</b>	
Accounts payable	\$ 242,272
Due from other funds	-
Total liabilities	<u>242,272</u>
<b>Deferred Inflows of Resources</b>	
Property taxes receivable	-
Total deferred inflows of resources	<u>-</u>
<b>Fund Balances:</b>	
Restricted	
Stabilization by State Statute	-
Committed	-
Capital improvements	-
Unassigned	1,497,360
Total fund balances	<u>1,497,360</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$ 1,739,632</u></u>

**Lenoir County, North Carolina**  
**Nonmajor Governmental Funds - Capital Project Funds**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2020**

	Capital Improvements Funds
Revenues:	
Restricted intergovernmental	\$ 331,730
Investment earnings	-
Other income	-
Total revenues	<u>331,730</u>
Expenditures:	
General government	799,637
Economic and community development	2,402,374
Total Expenditures	<u>3,202,011</u>
Revenues Over (Under) Expenditures	<u>(2,870,281)</u>
Other Financing Sources (Uses):	
Operating transfers in	2,827,400
Lease purchase	-
Total other financing sources (uses)	<u>2,827,400</u>
Net change in Fund Balance	(42,881)
Fund balances:	
Beginning of Year, July 1	<u>1,540,241</u>
End of year, June 30	\$ <u><u>1,497,360</u></u>

**Lenoir County, North Carolina**  
**Capital Improvements Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted intergovernmental	\$ 1,121,230	\$ 331,730	\$ (789,500)
Investment earnings	-	-	-
Other income	-	-	-
Total Revenue	<u>1,121,230</u>	<u>331,730</u>	<u>(789,500)</u>
Expenditures			
Economic development	3,006,414	2,195,090	811,324
Community development	293,026	207,284	85,742
Building and grounds	2,230,712	799,637	1,431,075
Total Expenditures	<u>5,530,152</u>	<u>3,202,011</u>	<u>2,328,141</u>
Revenues Over (Under) Expenditures	<u>(4,408,922)</u>	<u>(2,870,281)</u>	<u>1,538,641</u>
Other Financing Sources (Uses):			
Transfers in	2,827,400	2,827,400	-
Total Other Financing Sources (Uses)	<u>2,827,400</u>	<u>2,827,400</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,581,522)	(42,881)	1,538,641
Fund Balance Appropriated	<u>1,581,522</u>	<u>-</u>	<u>(1,581,522)</u>
Net change in fund balance	\$ <u>-</u>	(42,881)	\$ <u>(42,881)</u>
Fund Balance:			
Beginning of Year, July 1		<u>1,540,241</u>	
End of Year, June 30		\$ <u><u>1,497,360</u></u>	



## PROPRIETARY 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 body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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**Lenoir County, North Carolina**  
**Landfill Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
Revenues:			
Charges for services			
Landfill user fees	\$ 2,620,000	\$ 2,915,160	\$
Other operating income	34,500	39,538	
Total operating revenues	<u>2,654,500</u>	<u>2,954,698</u>	<u>300,198</u>
Nonoperating Revenues			
Investment earnings	-	-	
Solid waste disposal taxes	30,000	31,534	
Sale of fixed assets	500	-	
Total nonoperating revenues	<u>30,500</u>	<u>31,534</u>	<u>1,034</u>
Total Revenues	<u>2,685,000</u>	<u>2,986,232</u>	<u>301,232</u>
Expenditures:			
Landfill operations			
Salaries and employee benefits	903,848	852,199	
Operating expenditures	1,350,419	1,200,544	
Contracted services	1,244,759	1,179,481	
Total	<u>3,499,026</u>	<u>3,232,224</u>	<u>266,802</u>
Capital Outlay	<u>250,000</u>	<u>228,597</u>	<u>21,403</u>
Total Expenditures	<u>3,749,026</u>	<u>3,460,821</u>	<u>288,205</u>
Revenues Over (Under) Expenditures	<u>(1,064,026)</u>	<u>(474,589)</u>	<u>589,437</u>
Other Financing Sources and (Uses):			
Debt Proceeds	250,000	177,973	-
Capital Contributions	-	-	-
Transfer to other funds	(80,000)	(80,000)	-
Total Other Financing Sources (Uses)	<u>170,000</u>	<u>97,973</u>	<u>(72,027)</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	<u>(894,026)</u>	<u>(376,616)</u>	<u>517,410</u>
Appropriated Fund Balance	<u>894,026</u>	<u>-</u>	<u>(894,026)</u>
Revenues, Other Sources and Appropriated Fund Balance Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (376,616)</u>	<u>\$ 376,616</u>

**Lenoir County, North Carolina**  
**Landfill Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual - (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	2020		Variance
	Final Budget	Actual	Positive (Negative)
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues, Other Sources and Appropriated			
Fund Balance Over (Under)			
Expenditures and Other Uses		\$ (376,616)	
Reconciling items:			
Depreciation		(146,867)	
Capital outlay		228,597	
Lease payments		20,260	
(Increase) decrease in accrued vacation pay		925	
Increase in other postemployment benefits		2,261	
Decrease in net pension liability		(21,940)	
Decrease in deferred outflows of resources - pension		(22,425)	
Increase in deferred inflows of resources - pension		1,299	
Landfill closure costs		(80,897)	
Total reconciling items		(18,787)	
Change in net position		\$ (395,403)	

**Lenoir County, North Carolina**  
**Landfill Debt Service**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		
	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment earnings	\$ -	\$ -	\$ -
Total revenues	-	-	-
Other Financing Sources (Uses):			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Revenues and Other Financing Sources Over (Under) Uses	-	-	-
Fund Balance Appropriated	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -
Fund Balance:			
Beginning of Year, July 1		18,498	
End of Year, June 30		\$ 18,498	

**Lenoir County, North Carolina**  
**Employee Insurance Internal Service Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2020**

	2020		
	Final Budget	Actual	Positive (Negative)
Revenues:			
Operating Revenues			
Charges for services	\$ 4,710,700	\$ 3,505,835	\$
Total operating revenues	<u>4,710,700</u>	<u>3,505,835</u>	<u>(1,204,865)</u>
Nonoperating Revenues			
Interest on Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>4,710,700</u>	<u>3,505,835</u>	<u>(1,204,865)</u>
Expenditures:			
Insurance claims paid	<u>4,710,700</u>	<u>3,856,507</u>	
Total	<u>4,710,700</u>	<u>3,856,507</u>	<u>854,193</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(350,672)</u>	<u>(350,672)</u>
Other Financing Sources and (Uses):			
Transfer in (out)	<u>-</u>	<u>-</u>	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Sources Over (Under) Expenses and Other Uses	\$ <u>-</u>	(350,672)	\$ <u>(350,672)</u>
Fund Balance:			
Beginning of Year, July 1		<u>(1,206,000)</u>	
End of Year, June 30		\$ <u>(1,556,672)</u>	

## AGENCY FUNDS

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

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**Lenoir County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2020**

	Balance July 01, 2019	Deposits	Disbursements	Balance June 30, 2020
Social Services Fund:				
Cash and Investments	\$ <u>4,285</u>	\$ <u>70,047</u>	<u>64,089</u>	\$ <u>10,243</u>
Liabilities	\$ <u>4,285</u>	\$ <u>137,836</u>	<u>137,839</u>	\$ <u>4,282</u>
Fines and Forfeitures Fund:				
Cash and Investments	\$ <u></u>	\$ <u>206,223</u>	<u>206,223</u>	\$ <u>-</u>
Liabilities	\$ <u>-</u>	\$ <u>206,223</u>	<u>206,223</u>	\$ <u>-</u>
Totals - All Agency Funds				
Cash and Investments	\$ <u>4,285</u>	\$ <u>276,270</u>	<u>270,312</u>	\$ <u>10,243</u>
Liabilities	\$ <u>4,285</u>	\$ <u>276,270</u>	<u>270,312</u>	\$ <u>10,243</u>

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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



**Lenoir County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 35,129,387	\$ 34,145,175	\$ 984,212
2018-2019	1,002,567	1,594	511,896	492,265
2017-2018	476,005	-	171,041	304,964
2016-2017	313,927	-	92,581	221,346
2015-2016	220,833	-	47,487	173,346
2014-2015	168,155	-	29,881	138,274
2013-2014	182,005	-	19,351	162,654
2012-2013	163,803	-	11,145	152,658
2011-2012	120,507	-	8,485	112,022
2010-2011	94,083	-	4,848	89,235
2009-2010	100,873	-	100,873	-
TOTALS	<u>\$ 2,842,758</u>	<u>\$ 35,130,981</u>	<u>\$ 35,142,763</u>	<u>\$ 2,830,976</u>
Less: Allowance for uncollectable taxes				<u>(1,035,579)</u>
Ad valorem taxes - General Fund				<u>\$ 1,795,397</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 34,956,659
Reconciling items:				
Penalties and Interest				(249,156)
Collection of Old Taxes				(26,414)
Release				395,860
Total Reconciling Items				<u>130,293</u>
Total Collections and Credits				<u>\$ 35,142,763</u>

**Lenoir County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - Wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property Taxes at Current Year Rate	\$ 4,150,174,463	0.00845	\$ 35,068,975	\$ 31,181,815	\$ 3,887,160
Penalties			82,570	82,570	
Total Original Levy	4,150,174,463		35,151,545	31,264,385	3,887,160
Discoveries:					
Current year taxes	21,199,678	0.00845	179,137	179,137	-
Total Discoveries	21,199,678		179,137	179,137	-
Abatements					
Current Year Taxes	(12,594,470)	0.00845	(201,295)	(200,883)	(412)
Total Abatements	(12,594,470)		(201,295)	(200,883)	(412)
Total for Year	\$ 4,158,779,671		35,129,387	31,242,639	3,886,748
Uncollected taxes at June 30, 2020			984,212	984,212	-
Current year's taxes collected			\$ 34,145,175	\$ 30,258,427	\$ 3,886,748
Current levy collection percentage			97.20%	96.85%	100.00%

**Lenoir County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

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**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio <sup>1</sup>	100
Real Property	\$ 2,731,607,064
Personal Property <sup>3</sup>	1,311,724,639
Public Service Companies <sup>2</sup>	<u>115,447,968</u>
Total Assessed Valuation	<u>4,158,779,671</u>
Tax Rate per \$100	0.845
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 35,129,387</u>

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

Fire Protection Districts	\$ 1,348,321
Global Transpark	98,004

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

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

<sup>3</sup> The levy includes penalties and multi-rate for motor vehicles.

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

LAST TEN FISCAL YEARS

Table 1

<b>Fiscal Year Ended June 30</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Human Services</b>	<b>Economic &amp; Community Development</b>	<b>Education</b>	<b>Debt Service</b>	<b>Cultural and Recreational</b>	<b>Sanitation</b>	<b>Total</b>
2020	\$ 9,397,309	\$ 20,295,114	\$ 16,155,849	\$ 8,317,985	\$ 13,046,035	\$ 6,602,500	\$ 1,675,000	\$ 160,005	75,649,797
2019	7,897,511	21,049,900	15,569,220	3,749,918	13,844,844	6,929,870	1,660,500	158,834	70,860,597
2018	9,823,975	18,662,942	15,389,702	3,124,812	13,362,208	7,326,860	1,639,500	151,813	69,481,812
2017	7,861,534	18,897,352	17,520,877	3,948,026	13,035,078	7,489,186	1,639,500	127,130	70,518,683
2016	7,368,633	16,463,180	18,266,895	3,168,573	12,989,728	7,621,291	1,654,933	123,286	67,656,519
2015	6,869,307	20,013,409	18,446,125	4,836,484	13,346,696	8,042,959	1,596,030	114,008	73,265,018
2014	6,388,028	21,402,907	16,872,015	5,127,391	13,029,607	8,188,533	1,539,500	122,607	72,547,981
2013	5,992,523	18,193,320	17,273,975	4,569,002	13,259,765	8,611,637	1,550,579		69,450,801
2012	6,313,731	30,415,338	18,038,461	3,701,386	12,873,551	8,603,548	1,500,500		81,446,515
2011	5,668,672	13,920,168	17,907,887	13,560,639	13,225,717	6,735,173	1,473,500		72,491,756

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

LAST TEN FISCAL YEARS

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem Taxes</b>	<b>Sales Taxes</b>	<b>Other Taxes &amp; Licenses</b>	<b>Intergovernmental Revenues</b>	<b>Sales &amp; Service</b>	<b>Miscellaneous</b>	<b>Total</b>
2020	\$ 36,565,655	\$ 12,107,050	\$ 322,095	\$ 20,608,025	\$ 5,136,408	\$ 1,417,081	76,156,314
2019	35,927,094	11,569,488	401,524	15,751,901	5,964,296	1,794,821	71,409,124
2018	35,960,982	11,091,777	443,749	15,581,108	5,187,369	1,669,278	69,934,263
2017	37,309,026	10,316,594	412,714	16,074,682	4,840,539	2,301,343	71,254,898
2016	36,208,891	9,046,541	407,555	15,129,416	4,975,162	1,125,695	66,893,260
2015	36,210,329	8,744,842	352,502	18,899,197	5,147,319	1,325,194	70,679,383
2014	37,393,051	8,403,223	1,871,244	21,258,902	3,199,930	1,410,383	73,536,733
2013	33,466,718	8,200,904	1,367,394	17,051,328	3,109,690	1,715,712	64,911,746
2012	33,116,483	8,278,337	1,274,974	18,037,119	3,384,395	1,734,556	65,825,864
2011	30,764,091	7,720,975	1,239,097	20,091,970	3,496,528	1,710,287	65,022,948

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

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

Table 2

<b>Fiscal Year Ended June 30</b>	<b>Tax Levy Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>	<b>County Tax Rate</b>	<b>Ratio of Assessed Value to Estimated Actual Value</b>
2020	2019	\$ 2,731,607,064	\$ 1,311,724,639	\$ 115,447,968	\$ 4,158,779,671	0.845	99.47%
2019	2018	2,732,240,364	1,276,245,500	110,623,246	4,119,109,110	0.835	98.23%
2018	2017	2,704,232,809	1,276,336,012	106,216,004	4,086,784,825	0.835	99.36%
2017	2016	2,908,633,064	1,252,067,456	105,236,845	4,265,937,365	0.835	99.36%
2016	2015	2,872,683,621	1,223,954,014	103,047,552	4,199,685,187	0.835	108.61%
2015	2014	2,863,382,757	1,164,157,207	89,841,961	4,117,381,925	0.835	104.20%
2014	2013	2,843,365,809	1,230,454,832	94,710,427	4,168,531,068	0.835	100.95%
2013	2012	2,793,249,665	1,099,199,660	94,748,013	3,987,197,338	0.80	103.78%
2012	2011	2,784,107,196	1,065,715,911	93,916,424	3,943,739,531	0.80	108.35%
2011	2010	2,696,899,188	875,752,356	93,262,570	3,665,914,114	0.80	102.96%

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

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

**LENOIR COUNTY, NORTH CAROLINA**  
**PERCENTAGE GROWTH IN ASSESSED ACTUAL VALUE TO TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Table 3

<b>Fiscal Year Ended June 30</b>	<b>Total Assessed Value <sup>(1)</sup></b>	<b>Percentage of Assessed Value Growth</b>
2020	\$ 4,158,779,671	1.48%
2019	4,119,109,110	0.67%
2018	4,091,606,624	-4.09%
2017	4,265,937,365	1.52%
2016	4,201,874,480	2.07%
2015	4,116,736,223	-2.54%
2014	4,224,041,822	5.94%
2013	3,987,197,338	1.10%
2012	3,943,739,531	7.58%
2011	3,665,914,114	9.16%

Source: Lenoir County Finance Department  
Lenoir County Tax Department

Note: <sup>(1)</sup> Countywide values, excluding Fire Districts

**LENOIR COUNTY, NORTH CAROLINA**  
**PROPERTY TAX LEVIES AND COLLECTIONS - GENERAL FUND**  
**LAST TEN FISCAL YEARS**

Table 4

<b>Fiscal Year Ended 30-Jun</b>	<b>Tax Levy Year</b>	<b>Total Original Tax Levy (1)</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Uncollected Balance 06/30/20</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections To Total Tax Levy</b>
2020	2019	\$ 35,129,387	\$ 34,145,175	97.20%	\$ 912,875	\$ 984,212	\$ 35,058,049	99.80%
2019	2018	30,367,314	29,421,894	96.89%	1,136,590	1,002,567	30,558,484	100.63%
2018	2017	30,498,676	29,392,234	96.37%	1,170,598	1,106,442	30,562,832	100.21%
2017	2016	31,901,734	30,817,756	96.60%	1,273,267	1,158,975	32,091,023	100.59%
2016	2015	35,670,977	34,562,114	96.89%	1,154,053	1,108,863	35,716,167	100.13%
2015	2014	34,501,550	33,358,114	96.69%	1,287,639	1,143,436	34,645,753	100.42%
2014	2013	35,389,627	34,015,156	96.12%	1,573,958	1,374,471	35,589,114	100.56%
2013	2012	32,106,588	30,352,731	94.54%	1,452,307	1,753,857	31,805,038	99.06%
2012	2011	31,609,205	29,976,680	94.84%	1,535,939	1,632,525	31,512,619	99.69%
2011	2010	29,430,729	27,905,296	94.82%	1,427,113	1,525,433	29,332,409	99.67%

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

**LENOIR COUNTY, NORTH CAROLINA**  
**PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS**  
**LAST TEN FISCAL YEARS**

Table 5

<b><u>Fiscal Year Ended June 30</u></b>	<b><u>Tax Levy Year</u></b>	<b><u>Lenoir County</u></b>	<b><u>City of Kinston</u></b>	<b><u>Town of LaGrange</u></b>	<b><u>Town of Pink Hill</u></b>	<b><u>Town of Grifton</u></b>
2020	2019	0.845	0.73	0.532	0.55	0.63
2019	2018	0.830	0.70	0.532	0.55	0.63
2018	2017	0.835	0.70	0.532	0.55	0.63
2017	2016	0.835	0.70	0.532	0.55	0.63
2016	2015	0.835	0.66	0.470	0.55	0.63
2015	2014	0.835	0.66	0.450	0.55	0.60
2014	2013	0.835	0.66	0.450	0.55	0.60
2013	2012	0.800	0.66	0.450	0.55	0.60
2012	2011	0.800	0.66	0.450	0.55	0.60
2011	2010	0.800	0.66	0.450	0.55	0.60

Source: Lenoir County Tax Department



**LENOIR COUNTY, NORTH CAROLINA**  
**FIRE DISTRICTS - PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

Table 6

<b>Fiscal Year Ended June 30</b>	<b>Tax Levy Year</b>	<b>Southwood Fire Tax</b>	<b>North Lenoir Fire Tax</b>	<b>Seven Springs Fire Tax</b>	<b>Sandy Bottom Fire Tax</b>	<b>Deep Run Fire Tax</b>	<b>Hugo Fire Tax</b>	<b>Sand Hill Fire Tax</b>	<b>Cherry Tree Fire Tax</b>	<b>Moseley Hall Fire Tax</b>	<b>Wyse Fork Fire Tax</b>	<b>Grifton Fire Tax</b>	<b>GTP Fire Tax</b>
2020	2019	0.085	0.0575	0.04	0.08	0.06	0.06	0.07	0.08	0.04	0.08	0.06	0.045
2019	2018	0.085	0.0575	0.04	0.08	0.06	0.06	0.07	0.08	0.04	0.065	0.06	0.045
2018	2017	0.085	0.0575	0.04	0.08	0.06	0.05	0.07	0.08	0.04	0.065	0.05	0.045
2017	2016	0.085	0.0575	0.04	0.08	0.06	0.05	0.07	0.08	0.04	0.065	0.05	0.045
2016	2015	0.07	0.0575	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2015	2014	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2014	2013	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2013	2012	0.07	0.045	0.04	0.08	0.06	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2012	2011	0.07	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045
2011	2010	0.06	0.045	0.04	0.08	0.04	0.04	0.07	0.08	0.04	0.065	0.03	0.045

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

Source: Lenoir County Tax Department  
Lenoir County Finance Office

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

Table 7

Tax Rates				Tax Levies		
Fiscal Year Ended June 30	City of Kinston	County of Lenoir	Total	City of Kinston	County of Lenoir	Total
2020	0.73	0.845	1.575	\$ 9,979,280	\$ 31,273,256	41,252,536
2019	0.70	0.830	1.530	9,636,199	30,424,461	40,060,660
2018	0.70	0.835	1.535	9,621,661	30,498,676	40,120,337
2017	0.66	0.835	1.495	10,166,157	31,926,229	42,092,386
2016	0.66	0.835	1.495	10,215,605	34,777,735	44,993,340
2015	0.66	0.835	1.495	10,371,023	31,076,852	41,447,875
2014	0.66	0.835	1.495	9,885,310	35,389,627	45,274,937
2013	0.66	0.80	1.460	9,701,086	32,106,588	41,807,674
2012	0.66	0.80	1.460	9,603,868	31,609,205	41,213,073
2011	0.66	0.80	1.460	8,939,105	29,430,729	38,369,834

Source: City of Kinston  
Lenoir County Finance Department

**LENOIR COUNTY, NORTH CAROLINA  
TEN LARGEST TAXPAYERS  
LAST TEN FISCAL YEARS**

Table 8

		<u>2019 Assessed Value</u>	<u>Tax Levy (2)</u>	<u>Percentage of Total Assessed Valuation (1)</u>
Spirit Aerosystems NC, Inc.	Manufacturing	\$ 200,328,010	\$ 1,692,772	4.82%
Sanderson Farms, Inc.	Meat Products	\$ 108,565,849	\$ 917,382	2.61%
Smithfield Packing	Meat Products	\$ 79,986,703	\$ 675,888	1.93%
Dupont Specialty Products	Manufacturing	\$ 66,368,351	\$ 560,813	1.60%
Electrolux Home Products, Inc.	Manufacturing	\$ 58,886,241	\$ 497,589	1.42%
West Pharmaceutical	Manufacturing	\$ 58,464,477	\$ 494,025	1.41%
Duke Energy Center	Energy Provider	\$ 54,857,129	\$ 463,543	1.32%
Pactiv LLC	Manufacturing	\$ 47,854,297	\$ 404,369	1.15%
Kinston, LLC	Manufacturing	\$ 42,706,747	\$ 360,872	1.03%
Masterbrand Cabinets Inc.	Manufacturing	\$ 23,698,962	\$ 200,256	0.57%
		<u>\$ 741,716,766</u>	<u>\$ 6,267,507</u>	<u>17.86%</u>

(1) Total Assessed Valuation \$41,158,779,671

(Includes value of motor vehicles through NCVTS)

(2) County Portion of Levy Only (Value x .00845)

**LENOIR COUNTY, NORTH CAROLINA  
TAX REVENUE BY SOURCE  
LAST TEN FISCAL YEARS**

Table 9

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem (2)</b>	<b>Sales</b>	<b>Occupancy</b>	<b>Motor Vehicle Rentals (3)</b>	<b>Licenses &amp; Permits</b>	<b>Total</b>
<b>2020</b>	35,012,470	9,429,577	188,607	29,914	148,412	44,808,980
2019	34,392,069	8,932,595	237,471	31,619	146,258	43,740,012
2018	34,418,856	7,788,483	257,303	43,392	147,703	42,655,737
2017	35,770,366	8,383,166	245,573	64,812	102,329	44,566,246
2016	34,806,373	6,744,705	203,354	63,154	141,047	41,958,633
2015	34,929,337	6,513,425	192,705	37,212	173,887	41,846,566
2014	36,058,954	6,338,238	225,693	30,177	155,386	42,808,448
2013	32,211,250	6,353,635	191,730	23,877	179,438	38,959,930
2012	31,909,965	6,316,737	200,127	24,423	189,708	38,640,960
2011	29,706,386	5,877,333	245,007	21,635	190,187	36,040,548

Source: Lenoir County Finance Office

(1) General Fund Only

(2) Includes penalties & interest

3) Lenoir County began collecting this tax in August 2000

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

Table 10

<b>Fiscal Yr Ended 30-Jun</b>	<b>Single Family</b>	<b>Units</b>	<b>Multi- Family</b>	<b>Units</b>	<b>Additions/ Alterations</b>	<b>Total Residential Houses</b>	<b>New Commercial</b>	<b>Additions/ Alterations</b>	<b>Total Commercial</b>	<b>Total Value</b>
2020	6,948,703	39	3,937,752	24	1,563,203	12,449,658	18,503,841	27,000	18,530,841	30,980,499
2019	6,587,470	41	-	0	1,272,816	7,860,285	5,511,858	90,000	5,601,858	13,462,144
2018	3,350,665	21	-	0	949,636	4,300,301	4,241,298	50,000	4,291,298	8,591,599
2017	4,911,989	34	280,000	1	1,924,457	7,116,446	9,911,401	21,500	9,932,901	17,049,347
2016	6,752,360	33	473,000	2	1,026,204	8,251,564	4,860,002	108,940	4,968,942	13,220,506
2015	5,878,280	34	-	0	2,263,509	8,141,789	69,608,929	382,248	69,991,177	78,132,966
2014	5,062,958	29	175,000	2	1,332,578	6,570,536	12,854,330	432,000	13,286,330	19,856,866
2013	5,588,475	31	-	0	2,218,931	7,807,406	42,487,725	44,480	42,532,205	50,339,611
2012	5,652,463	33	300,000	1	1,615,630	7,568,093	11,617,748	1,974,900	13,592,648	21,160,741
2011	4,658,485	24	143,000	2	1,679,877	6,481,362	12,519,123	148,548	12,667,671	19,149,033

Source: Lenoir County Inspections Department

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

Table 11

<b>Fiscal Year Ended June 30</b>	<b>Population Estimate (1)</b>	<b>Taxable Property Assessed Value (2)</b>	<b>8% Debt Limit</b>	<b>Bonded Debt (3)</b>	<b>Ratio of Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2020	55,963	\$ 4,091,606,624	327,328,530	\$ 32,778,000	0.80%	585.71
2019	56,856	3,659,451,408	292,756,113	36,670,000	1.00%	644.96
2018	59,531	4,091,606,624	327,328,530	40,585,000	0.99%	681.75
2017	59,531	3,818,733,251	305,498,660	44,509,000	1.17%	747.66
2016	58,338	4,155,857,725	332,468,618	48,423,000	1.17%	830.04
2015	58,826	4,117,381,925	329,390,554	50,385,000	1.22%	856.51
2014	59,063	4,168,531,068	333,482,485	54,065,000	1.30%	915.38
2013	59,401	3,987,197,338	318,975,787	57,870,000	1.45%	974.23
2012	59,314	3,943,739,531	315,499,162	60,600,000	1.54%	1,021.68
2011	59,493	3,665,914,114	293,273,129	64,200,000	1.75%	1,079.12

Source: (1) NC State Demographics Website - July 2020 estimate

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

(3) Lenoir County Finance Department

**LENOIR COUNTY, NORTH CAROLINA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
 JUNE 30, 2020

Total Assessed Value		<u>\$ 4,091,606,624</u>
Debt limitation - 8% of total assessed value		327,328,530
Debt applicable to limitation		
Total bonded debt	\$ 32,778,000	
Installment purchase	\$ 10,532,528	
Capital Leases	<u>-</u>	
Total debt applicable to limitation		<u>43,310,528</u>
Legal debt margin		<u>\$ 284,018,002</u>

**LENOIR COUNTY, NORTH CAROLINA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BOND**  
**LAST TEN FISCAL YEARS**

Table 12

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest on Bonds</b>	<b>Total Debt Service</b>	<b>Total General Government Expend.</b>	<b>Ratio of Debt Service to Total General Government Expend.</b>
2020	\$ 3,892,000	\$ 1,102,850	\$ 4,994,850	\$ 65,663,848	7.61%
2019	3,915,000	1,226,203	5,141,203	65,105,290	7.90%
2018	3,924,000	1,403,208	5,327,208	61,948,286	8.60%
2017	3,914,000	1,577,091	5,491,091	66,123,021	8.30%
2016	26,280,000	1,880,121	28,160,121	67,656,519	41.62%
2015	3,680,000	2,074,200	5,754,200	73,284,516	7.85%
2014	3,680,000	2,219,800	5,899,800	72,547,981	8.13%
2013	3,600,000	2,609,650	6,209,650	69,450,802	8.94%
2012	3,600,000	2,744,150	6,344,150	81,446,515	7.79%
2011	3,600,000	2,878,650	6,478,650	72,491,756	8.94%

Source: Lenoir County Finance Office

Source: Lenoir County Finance Office

**LENOIR COUNTY, NORTH CAROLINA**  
**DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**June 30, 2020**

Table 13

	<b><u>Net General Obligation Bonded Debt (1)</u></b>	<b><u>Percent Applicable To County</u></b>	<b><u>Amount Applicable To County</u></b>
Direct:			
Lenoir County	\$ 32,778,000	100%	\$ 32,778,000
Underlying:			
City of Kinston	\$ -	0%	\$ -
Town of Lagrange	\$ -	0%	\$ -
Town of Pink Hill	\$ -	0%	\$ -

(1) North Carolina State Treasurer's Website



**LENOIR COUNTY, NORTH CAROLINA**  
**COMPUTATION OF DIRECT AND UNDERLYING BOND DEBT GENERAL OBLIGATION BONDS**  
**LAST TEN FISCAL YEARS**

Table 14

<b>Fiscal Year Ended June 30</b>	<b>County Population</b>	<b>County Per Capita Income</b>	<b>County Unemployment Rate</b>	<b>City and County School Enrollment</b>	<b>County Retail Sales</b>	<b>Bank Deposits</b>
	(1)	(3)	(3)	(4)	(5) (6)	(2)
2020	55,963	40,922	7.50%	8,492	\$ 594,280,804	895,272,000
2019	57,118	40,922	3.60%	8,520	\$ 575,571,694	736,975,000
2018	57,934	37,515	4.10%	8,646	\$ 560,289,966	741,000,000
2017	59,531	(7)	5.63%	8,707	\$ 538,835,363	803,317,000
2016	58,338	38,559	5.97%	8,953	504,752,172	760,407,000
2015	58,826	37,442	6.58%	9,158	480,986,201	740,166,000
2014	59,063	35,882	7.82%	9,193	482,444,693	744,155,000
2013	59,401	35,990	9.93%	9,079	475,880,806	746,893,000
2012	59,314	34,630	10.80%	9,097	493,184,939	761,918,000
2011	59,493	32,022	10.53%	9,220	462,001,600	745,751,000

Note: (7) Information not presently available

Source: (1) NC Department of Demographics Website-estimate  
State Reference Library Website, Bureau of Economic Analysis through 2001.  
(3) NC Department of Commerce Website - AccessNC  
(4) Lenoir County Board of Education  
(5) NC Department of Revenue - Tax Research Division  
(6) Beginning July 2005, the State no longer reports total retail sales, only gross collections and taxable sales are reported. Post July 2005 figures can not be compared to prior years' figures  
(2) First Citizens Bank & Trust Company - Cash Management Division through 2002  
F.D.I.C. website 2003 & Forward

**LENOIR COUNTY, NORTH CAROLINA**  
**MISCELLANEOUS STATISTICS SCHEDULE**  
**June 30, 2020**

Table 15  
Page 1 of 2

Population	55,963
Date of Establishment	1792
Form of Government	Commission/Manager
Area - Square Miles <sup>(1)</sup>	401.96
Elevation: Feet above sea level	44
Miles of streets and roads <sup>(1)</sup>	892.69
Employees:	
Full-time, permanent	427
Other	369
County Seat:	Kinston
Fire Protection:	
Lenoir County - Number of volunteer departments	10
Number of fireman/officers	340
City of Kinston - Number of stations	3
Number of fireman/officers	51
Law Enforcement:	
Sheriff's Department - officer/support personnel (includes 60 for jail)	126
Kinston Police Department - officers/support personnel	84
LaGrange Police Department - 0 full time / 0 part time	0
Pink Hill Police Department - 1 full time / 3 part time	4
Hos (Not included in primary government)	
Number of hospitals	1
Number of patient beds <sup>(2)</sup> (Licensed as of 12-21-99)	261
Inspections:	
Building permits issued <sup>(3)</sup>	1,869

Contd. next page

## Cultural and recreational:

Libraries	3
Number of volumes - (At June 30, 2020) (4)	118,643
Theatres (Includes 1 seven (7) plex theatre)	1
Number of seats	1,383
Number of parks (County wide)	14
Park acreage (County wide)	332
Golf Courses (2 private 18 hole, 1 public 9 hole, Par 3)	3
Disc Golf Courses	2
Swimming pools - public (County wide)	4
Tennis courts (County wide)	14
Museum	2
Planetarium	1
Baseball stadiums	1
Number of seats	4,200
Athletic Skill Center/ Fitness Center/ Indoor Baseball Cages	2
Visitor and Information Center	1
Community Centers	8
Campgrounds	1
Education: (5)	
Number of Elementary Schools	9
Number of Elementary School Teachers	273
Number of Intermediate and Secondary Schools	6
Number of Intermediate and Secondary School Teachers	264
Number of Alternative Schools	2
Number of Alternative School Teachers	18.5
Community Colleges	1
Number of Instructors - Curriculum - (Full time-92, Part time-32)	124
Non Curriculum - (Full time-16, Part time-164)	180
Enrollment - (2019-2020)	
Curriculum	3,579
Non Curriculum	10,193

Notes: (1) Includes cities of Kinston, LaGrange, Pink Hill

(5) Numbers are based on School year

Source: (2) Lenoir Memorial Hospital

(3) Lenoir County Building Inspections Office (Fiscal Year 2018-2019)

(4) Kinston-Lenoir County Public Library

(5) Lenoir County Board of Education and Lenoir Community College

Other Statistics - Lenoir County Finance Office, NC Dept of Demographics

City of Kinston, Town of LaGrange, Town of Pink Hill

Lenoir County Recreation Department

Office of Budget &amp; Management Website

## COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Lenoir County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lenoir County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Lenoir County's basic financial statements, and have issued our report thereon dated January 13, 2021. Our report includes a reference to other auditors who audited the financial statements of the Lenoir County ABC Board and the Kinston-Lenoir TDA, as described in our report on Lenoir County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Lenoir County ABC Board and the Kinston-Lenoir TDA were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material

weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

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

Thompson, Price, Scott, Adams & Co., PA  
Wilmington, North Carolina  
January 13, 2021



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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

### **Independent Auditor's Report**

To the Board of County Commissioners  
Lenoir County, North Carolina

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

We have audited Lenoir County, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lenoir County's major federal programs for the year ended June 30, 2020. Lenoir County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

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

## **Opinion on Each Major Federal Program**

In our opinion, Lenoir County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 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 item 2020 – 001. Our opinion on each major federal program is not modified with respect to these matters.

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

## **Report on Internal Control Over Compliance**

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

*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 a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses 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. We did not identify any deficiencies in internal control over compliance 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 – 001 and 2020 – 002 that we consider to be significant deficiencies.



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

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

*Thompson, Price, Scott, Adams & Co., PA*  
*Wilmington, North Carolina*  
*January 13, 2021*



Thompson, Price, Scott, Adams & Co., P.A.  
4024 Oleander Drive Suite 3  
Wilmington, North Carolina 28403  
Telephone (910) 791-4872  
Fax (910) 395-4872

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Lenoir County, North Carolina

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

We have audited Lenoir County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Lenoir County's major state programs for the year ended June 30, 2020. Lenoir County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

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

## Opinion on Each Major State Program

In our opinion, Lenoir County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

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

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

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

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

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

*Wilmington, North Carolina*

*January 13, 2021*

**LENOIR COUNTY  
KINSTON, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Section I. Summary of Auditor's Results**

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant Deficiency(s) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant Deficiency(s) identified? ☒ 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)? ☒ Yes ☐ No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(s) identified that are not considered to be a material weakness? ☐ Yes ☒ None Reported

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

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

Identification of major State programs:

<u>Program Name</u>
Hazard Mitigation Grant
Public School Building Capital Fund - Lottery Proceeds
State Acquisition Relocation Funds
Stream Debris Removal Program

**LENOIR COUNTY  
KINSTON, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Section II. Financial Statement Findings

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None reported.

LENOIR COUNTY  
KINSTON, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Section III. Federal Award Findings and Questioned Costs

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**Significant Deficiency/Noncompliance**

US Department of Agriculture

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

**Finding: 2020 - 001**

**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 five errors discovered during our procedures that inaccurate information was entered when determining eligibility. Five applicant/beneficiaries that received assistance for which the recipient was not eligible

Questioned Costs: The amount of claims paid on behalf of the above ineligible participants for fiscal year ending 6/30/2020 did not exceed the threshold for a questioned cost determination.

Context: We examined 60 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-002.

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.

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also participating in the review process.

**Significant Deficiency**

US Department of Agriculture

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

**Finding: 2020 - 002**

**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, documentation should be present and agree back to the records in the NC FAST system. Any items discovered in the process should be considered resources and explained within the documentation.

**LENOIR COUNTY  
KINSTON, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Condition: There were twenty five (25) technical 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.

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

Context: We examined 60 Medicaid applicants to re-determine eligibility. These findings were disclosed in a separately issued spreadsheet to the North Carolina Department of Health and Human Services and are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which affect countable resource and a participant could have been approved for benefits that they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2019-001.

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.

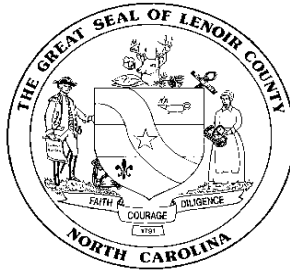
Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations. The County finance office will also participating in the review process.

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Section IV. State Award Findings and Questioned Costs

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None Reported.



**County of Lenoir  
Lenoir County Courthouse  
Post Office Box 3289  
130 South Queen Street  
Kinston, NC 28502  
Telephone: (252) 559-6450  
Fax: (252) 559-6454**

**CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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Section II. Financial Statement Findings

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None Reported.



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### Section III. Federal Award Findings and Questioned Costs

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#### **2020 – 001      Eligibility**

Name of contact Person: Jeff Harrison, Director of Social Services

Corrective Action: Procedures and controls are being developed for caseworkers to follow. Medicaid caseworkers will receive additional training on the newly created “Documentation Policy” to remind each of the policies and procedures to be followed in the application process. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

Proposed Completion Date: Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.

#### **2020 – 002      Eligibility**

Name of contact Person: Jeff Harrison, Director of Social Services

Corrective Action: Procedures and controls are being developed for caseworkers to follow. Medicaid caseworkers will receive additional training on the newly created “Documentation Policy” to remind each of the policies and procedures to be followed in the application process. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

Proposed Completion Date: Certain controls are currently being created and reviewed. Management will continue to monitor the progress of this issue and modify the controls as needed.

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### Section IV. State Award Findings and Questioned Costs

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None Reported.

**LENOIR COUNTY  
KINSTON, NORTH CAROLINA**

Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2020

Status:	2019-001	Still occurring.
	2019-002	Still occurring.
	2016-001	Corrected.
	2016-002	Corrected.

**LENOIR 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 & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<b>Federal Awards:</b>						
<u>U.S. Dept. of Agriculture</u>						
Passed-through the N.C. Dept. of Health and Human Services: Division of Social Services: Administration: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		627,862	-	-	627,861
Passed-through the N.C. Dept. of Health and Human Services: Division of Public Health: Administration: Special Supplemental Nutrition Program for Women, Infants, & Children Total U.S. Department of Agriculture	10.557		364,147 992,009	- -	- -	- 627,861
<u>U.S. Dept. of Treasury</u>						
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office Coronavirus Relief Fund 16 (Note 6) Total U.S. Dept. of Treasury	21.019		13,218 13,218	- -	11,552 -	- -
<u>U. S. Department of Homeland Security</u>						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters) Emergency Service Performance Grant Homeland Security Grant Hazard Mitigation Grant Total U. S. Department of Homeland Security	97.036 97.042 97.067 97.039		1,310,858 19,452 103,961 2,687,306 4,121,577	436,953 19,452 - 895,769 1,352,173	- - - - -	- - - - -
<u>U.S. Dept. of Transportation</u>						
Passed-through the N.C. Department of Transportation: Public Transportation Division PTD # 19-CT-034 Admin PTD # 19-39-034S Capital PTD # 20-CT-034 Admin PTD # 20-CT-034 Capital Total Dept. of Transportation	20.509 20.526 20.509 20.509		49,065 336,596 146,783 252,300 784,743	- - - - -	- - - - -	- - - - -
<u>U.S. Dept. of Health &amp; Human Services</u>						
Passed-through N.C. Department of Health and Human Services: Passed-through Eastern Carolina Council of Governments: Division of Aging and Adult Services: <u>Aging Cluster:</u> Special Programs for the Aging - Title III B Grants for Supportive Services and Senior Centers Special Programs for the Aging - Title III C Nutrition Services Congregate Meals Home Delivered Meals Nutrition Services Incentive Program Total Aging Cluster	93.044 93.045 93.045 93.053		102,955 40,732 47,784 15,865 207,336	6,056 2,396 2,811 - 11,263	- - - - -	12,112 4,792 5,621 - 22,525
Division of Social Services: Temporary Assistance for Needy Families Cluster TANF - TEA Child Welfare Services TANF - Work First Division of Public Health TANF - Work First Total TANF Cluster	93.558 93.558 93.558		28,614 524,805 14,800 568,219	- - - -	- - - -	- 767,486 - 767,486
AFDC Payments & Penalties	93.560		(297)	(82)	-	(81)
<u>Foster Care and Adoption Cluster (Note 4 &amp; 5)</u>						
Foster Care - Title IV-E Foster Care Adoption Assistance Total Foster Care and Adoption Cluster (Note 4 & 5)	93.658 N/A 93.659		499,790 25,466 1,150 526,406	109,117 - - 109,117	- - - -	302,594 - 1,150 303,744
Child Support Enforcement	93.563		1,009,038	(1,004)	-	520,812
Low-Income Home Energy Assistance: Administration Energy Assistance Payments Crisis Intervention Program Total Low-Income Home Energy Assistance	93.568 93.568 93.568		53,466 402,785 174,330 630,581	- - - -	- - - -	- - - -
Stephanie Tubbs Jones Child Welfare Services Program: - Permanency Planning - Families for Kids Total Stephanie Tubbs Jones Child Welfare Services Program	93.645		8,897 8,897	- -	- -	2,966 2,966
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		14,152	3,097	-	-

**LENOIR 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 & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
CPS TANF to SSBG	93.667		36,285	-	-	
SSBG - Other Service and Training	93.667		317,517	-	-	105,839
Division of Aging and Adult Services:						
Division of Social Services:						
SSBG - State In Home Service Fund	93.667		67,954	-	-	9,708
SSBG - Adult Protective Care	93.667		32,449	-	-	558
Passed-through East Carolina Council of Governments:						
Social Service Block Grant (SSBG) - In Home Services	93.667		21,818	623	-	2,494
Total Social Service Block Grant			476,023	623	-	118,599
<u>Division of Child Development and Early Education:</u>						
Subsidized Child Care (Note 5)						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Development Mandatory and Match Fund-Administration	93.596		81,899	-	-	-
Total Child Care Fund Cluster			81,899	-	-	-
Total Subsidized Child Care (Note 4)			81,899	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Health Benefits:						
Division of Social Services:						
Administration:						
Medical Assistance Program	93.778		1,855,559	10,251	-	740,365
Total Medical Assistance Program			1,855,559	10,251	-	740,365
Division of Social Services:						
Administration:						
State Children's Insurance Program - N.C. Health Choice	93.767		31,029	(464)	-	1,599
Total State Children's Insurance Program - N.C. Health Choice			31,029	(464)	-	1,599
Passed-through the N.C. Dept. of Insurance:						
Medicare Enrollment Assistance Program	93.071		2,564	-	-	-
Total Medicare Enrollment Assistance Program			2,564	-	-	-
Passed-through the N.C. Dept. of Health and Human Services:						
Division of Public Health:						
Hospital Preparedness Program (HPP) and Public Health						
Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		33,006	-	-	-
Project Grants and Cooperative Agreements for						
Tuberculosis Control Program	93.116		31,959	-	-	-
Family Planning Services	93.217		53,831	-	-	-
Immunization Cooperation Agreements	93.268		22,918	-	-	-
COVID-19 Public Health Emergency Response: Cooperative Agreement						
for Emergency Response: Public Health Crisis Response	93.354		237	-	-	-
Cancer Prevention and Control Programs for State, Territorial						
and Tribal Organizations	93.898		10,400	-	-	-
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977		100	-	-	-
Preventive Health and Health Services Block Grant	93.991		20,815	-	-	-
Maternal and Child Health Services Block Grant	93.994		130,130	28,222	-	-
Total U.S. Dept. of Health and Human Services			5,714,800	161,023	-	2,478,013
Total federal awards			11,626,346	1,513,196	-	3,105,875
<b>State Awards:</b>						
<u>N.C. Dept. of Administration</u>						
Division of Veterans Affairs:						
Veterans Services			-	2,182	-	-
Total N.C. Dept. of Administration			-	2,182	-	-
<u>N.C. Dept. of Agriculture and Consumer Services</u>						
Tobacco Trust Fund Commission			-	78,076	-	-
Stream Debris Removal Program			-	949,823	-	-
Total N.C. Dept. of Agriculture and Consumer Services			-	1,027,899	-	-
<u>N.C. Department of Environmental Quality</u>						
Division of Waste Management						
		H-SRP-W-2017-00000092-4W03-536919				
Connect NC Bond			-	437,552	-	-
Soil Conservation State Match			-	3,600	-	-
Electronic Management Program			-	3,266	-	-
Underground Storage Tank Program			-	26	-	-
Scrap Tire Program			-	14,662	-	-
NC Agriculture Cost Share - Technical Assistance			-	15,562	-	-
Total Division of Waste Management			-	474,668	-	-
Division of Environmental Assessment						
Off Waste Red Trust Fund			-	10,000	-	-
Total Division of Environmental Assessment			-	10,000	-	-
Total N.C. Dept. Environmental Quality			-	484,668	-	-

**LENOIR 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 & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<u>N.C. Dept. of Commerce</u>						
Industrial Development Fund / Utility Fund		U-498-01	-	231,730	-	-
Rural Infrastructure Grant			-	100,000	-	-
Total N.C. Dept. of Commerce			-	331,730	-	-
<u>N.C. Dept. of Health and Human Services</u>						
Division of Aging and Adult Services						
State Appropriation - Access			-	3,234	-	359
State Appropriation - In-Home Services			-	211,187	-	23,465
State Appropriation - Home Delivered Meals			-	61,137	-	6,793
Total Division of Aging and Adult Services			-	275,558	-	30,617
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	97,597	-	-
Energy Assistance			-	2,155	-	-
AFDC Incent/Prog Integrit			-	74	-	-
State Foster Home			-	45,258	-	39,633
Non-Allocating Reimbursable			-	-	-	89,731
Work First Non Reimbursable			-	-	-	27,393
County Funded Programs			-	-	-	477,128
Child Support Enforcement Non Reimbursable			-	-	-	24,935
Total Division of Social Services			-	145,085	-	658,820
Division of Public Health						
Other Receipts / State Supported Expenditures						
Food and Lodging Fees			-	10,631	-	-
Aid-to-Counties			-	134,586	-	-
Public Health Nursing			-	400	-	-
General Communicable Disease Control			-	7,270	-	-
Child Health			-	20,457	-	-
HIV/STD State			-	500	-	-
Healthy Community Activities			-	3,785	-	-
STD Drugs			-	1,455	-	-
Breast and Cervical Cancer Control			-	2,550	-	-
School Nursing Funding Initiative			-	150,000	-	-
Family Planning - State			-	22,090	-	-
Maternal Health			-	15,271	-	-
Women Health Service Fund			-	1,727	-	-
TB Control			-	52,265	-	-
Total Division of Public Health			-	422,987	-	-
Total N. C. Department of Health and Human Services			-	843,629	-	689,437
<u>N.C. Dept. of Insurance</u>						
SHIIP Grant			-	5,611	-	-
Total N.C. Dept. of Insurance			-	5,611	-	-
<u>N.C. Dept. of Public Instruction</u>						
Public School Building Capital Fund - Lottery Proceeds			-	681,000	-	-
Total N.C. Dept. of Public Instruction			-	681,000	-	-
<u>N.C. Dept. of Public Safety</u>						
Juvenile Crime Prevention Programs			-	243,280	-	-
State Acquisition Relocation Funds			-	525,344	-	-
Total N. C. Department of Public Safety			-	768,624	-	-
<u>N.C. Dept. of Transportation</u>						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program		36220.10.9.1	-	89,264	-	-
ROAP Rural General Public Program		36228.22.9.1	-	106,224	-	-
ROAP Work First Transitional - Employment		36236.11.8.1	-	18,140	-	-
Total ROAP Cluster			-	213,628	-	-
Public Transportation Division						
PTD # 19-CT-034 Admin		36233.66.20.1	-	3,066	-	-
PTD # 19-39-034S Capital		44637.40.1.3	-	42,075	-	-
PTD # 20-CT-034 Admin		36233.66.21.1	-	9,173	-	-
PTD # 20-CT-034 Capital		36233.66.21.3	-	31,537	-	-
Total Public Transportation Division			-	85,852	-	-
Total N.C. Dept. of Transportation			-	299,480	-	-
<u>Administrative Office of the Courts</u>						
Safe Roads Act			-	3,304	-	-
Total State awards			-	4,448,128	-	689,437
Total federal and State awards			\$ 11,626,346	\$ 5,961,324	\$ -	\$ 3,795,312

**LENOIR 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 & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

**Note 1: Basis of Presentation**

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

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

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

Lenoir County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care and Foster Care and Adoption

**Note 5: Benefit Payments Issued by the State**

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	1,383,602	-
Supplemental Nutrition Assistance Program	10.551	20,361,090	-
Temporary Assistance for Needy Families	93.558	336,625	-
Adoption Assistance	93.659	264,531	59,747
Family Preservation	93.556	15,709	-
Medical Assistance Program	93.778	87,772,752	40,421,834
Children's Health Insurance Program	93.767	1,638,656	120,463
Child Welfare Services Adoption	N/A	-	57,986
SC/SA Domiciliary Care	N/A	-	626,452
State / County Special Assistance program	N/A	(8,702)	(41,376)

**Note 6: Coronavirus Relief Funds**

Lenoir County received \$1,160,309 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$1,085,855 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Carolina 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 US Dept. 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 or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2021.