

Vance County
Henderson, North Carolina
Financial Statements
June 30, 2020

VANCE COUNTY, NORTH CAROLINA
BOARD AND OFFICERS
June 30, 2020

BOARD OF COUNTY COMMISSIONERS

Gordon Wilder, Chairman
Dan Brummitt, Vice Chairman
Archie B. Taylor, Jr.
Carolyn Faines
Yolanda J. Feimster
Thomas S. Hester, Jr.
Leo Kelly, Jr.
Gordon Wilder

OFFICERS

County Manager
Finance Director

Jordan McMillen
Katherine Bigelow

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
County of Vance
Henderson, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Vance County ABC Board, which reflect 64.72 percent of the assets, 57.62 percent of the net position, and 93.42 percent of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Vance County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Vance County ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Asset 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 on pages 4 through 9 and 62 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the County of Vance's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Vance's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 12, 2020

Management's Discussion and Analysis

As management of Vance County, we offer readers of Vance County's financial statements this narrative overview and analysis of the financial activities of Vance 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

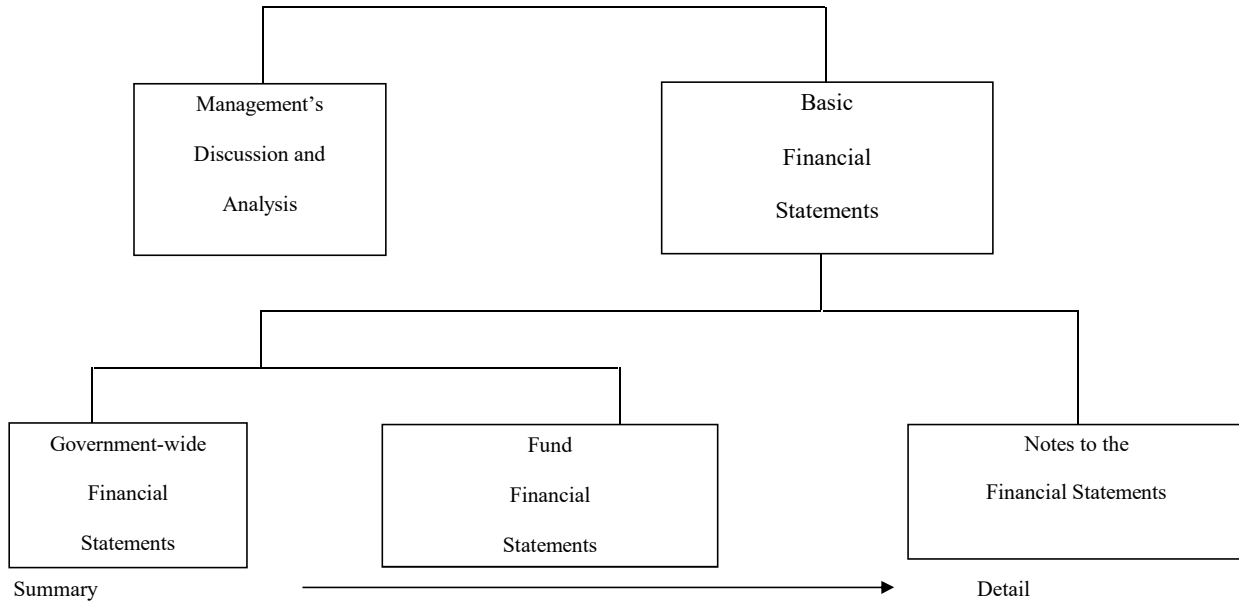
- The assets and deferred outflows of resources of Vance County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,415,138 (*net position*). Unrestricted net position is negative (\$11,564,444) as a result of the implementation of GASB 75.
- The government's total net position increased by \$3,764,355, primarily due to increases in the net position of both the Government-wide and Business-Type Funds.
- As of the close of the current fiscal year, Vance County's governmental funds reported combined ending fund balances of \$25,753,608, an increase of \$3,245,565 in comparison with the prior year. Approximately 34.02 percent of this total amount, or \$8,761,529 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,391,706, or 31.79 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Vance County's basic financial statements. The County's basic financial statements consist of two 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 Vance County.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, human services, and general administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and solid waste management services offered by Vance County. The final category is the component units. Although legally separate from the County, the ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The other component unit is the Vance County Tourism Development Authority, a public authority operating under the development of travel, tourism, and conventions in Vance County through advertising and promotions. The Authority is funded by a specific allocation of the county-wide occupancy tax authorized by House Bill 765, Ratified Bill, 2001 session of the North Carolina General Assembly.

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

Fund Financial Statements

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

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

Vance 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 – Vance 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. Vance County uses enterprise funds to account for its water and solid waste management service operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 9 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The liabilities and deferred inflows of resources of Vance County's primary government exceeded its liabilities by \$8,415,138 as of June 30, 2020. The County's net position increased by \$3,764,355 for the fiscal year ended June 30, 2020. One of the largest portions, \$11,218,053 (133.31%) reflects the County's net investment in capital assets (e.g. land, buildings, improvements, machinery, and equipment net of any related outstanding debt of those assets). Vance County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Vance County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Vance County's net position \$8,761,529 (104.12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of negative \$11,564,444 (137.42%) is unrestricted. Unrestricted net position is negative as a result of the implementation of GASB 75.

Vance County's Net Position

Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and Other assets | \$ 29,200,615 | \$ 25,495,073 | \$ 2,602,175 | \$ 2,547,016 | \$ 31,802,790 | \$ 28,042,089 |
| Capital Assets | 17,387,642 | 17,314,434 | 15,756,735 | 15,505,866 | 33,144,377 | 32,820,300 |
| Net Pension Assets | 54,571 | 60,551 | - | - | 54,571 | 60,551 |
| Total Assets | 46,642,828 | 42,870,058 | 18,358,910 | 18,052,882 | 65,001,738 | 60,922,940 |
| Total deferred outflows of resources | 5,019,540 | 4,566,462 | 17,115 | 15,358 | 5,036,655 | 4,581,820 |
| Long-term liabilities | 14,237,202 | 15,835,790 | 11,469,002 | 11,438,000 | 25,706,204 | 27,273,790 |
| Other liabilities | 30,678,957 | 27,567,817 | 1,515,990 | 1,601,690 | 32,194,947 | 29,169,507 |
| Total Liabilities | 44,916,159 | 43,403,607 | 12,984,992 | 13,039,690 | 57,901,151 | 56,443,297 |
| Total deferred inflows of resources | 3,708,755 | 4,394,921 | 13,349 | 15,759 | 3,722,104 | 4,410,680 |
| Net Position | | | | | | |
| Net investment in capital assets | 6,930,320 | 6,102,099 | 4,287,733 | 4,067,866 | 11,218,053 | 10,169,965 |
| Restricted | 8,761,529 | 6,105,892 | - | - | 8,761,529 | 6,105,892 |
| Unrestricted | (12,654,395) | (12,569,999) | 1,089,951 | 944,925 | (11,564,444) | (11,625,074) |
| Total Net Position | \$ 3,037,454 | \$ (362,008) | \$ 5,377,684 | \$ 5,012,791 | \$ 8,415,138 | \$ 4,650,783 |

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

- Continued strong collection rate for property taxes.
- Increased in sales tax collections, a major source of revenue for the County.
- Continued low cost of debt due to the County's high bond rating.
- Aggressive pursuit of grants funding for County projects.
- Diligent collection efforts on past due bills for taxes, utilities, and service.
- Maintaining expenditures within budgeted amounts.

Vance County's Changes in Net Position
Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,465,319 | \$ 4,176,488 | \$ 3,395,121 | \$ 3,413,047 | \$ 7,860,440 | \$ 7,589,535 |
| Operating grants and contributions | 9,995,859 | 8,700,393 | 154,850 | 102,918 | 10,150,709 | 8,803,311 |
| Capital grants and contributions | 435,382 | 484,703 | 440,340 | 627,301 | 875,722 | 1,112,004 |
| General revenues: | | | | | | |
| Property taxes | 26,838,147 | 25,824,837 | - | - | 26,838,147 | 25,824,837 |
| Other taxes | 9,699,030 | 9,194,878 | - | - | 9,699,030 | 9,194,878 |
| Grants and contributions not restricted to specific programs | 531,502 | 287,004 | - | - | 531,502 | 287,004 |
| Other | 787,325 | 337,032 | 103,338 | 8,298 | 890,663 | 345,330 |
| Total revenues | 52,752,564 | 49,005,335 | 4,093,649 | 4,151,564 | 56,846,213 | 53,156,899 |
| Expenses: | | | | | | |
| Administrative | - | - | - | - | - | - |
| General government | 4,852,930 | 4,146,989 | - | - | 4,852,930 | 4,146,989 |
| Public safety | 17,359,942 | 16,559,166 | - | - | 17,359,942 | 16,559,166 |
| Transportation | 65,147 | 35,711 | - | - | 65,147 | 35,711 |
| Environmental protection | 10,890 | 18,829 | - | - | 10,890 | 18,829 |
| Economic and physical development | 2,600,776 | 1,328,686 | - | - | 2,600,776 | 1,328,686 |
| Human service | 11,531,445 | 11,862,835 | - | - | 11,531,445 | 11,862,835 |
| Cultural and recreation | 1,971,394 | 1,825,371 | - | - | 1,971,394 | 1,825,371 |
| Education | 10,515,641 | 10,995,252 | - | - | 10,515,641 | 10,995,252 |
| Interest on long-term debt | 424,930 | 425,698 | - | - | 424,930 | 425,698 |
| Solid waste management | - | - | 2,360,507 | 2,236,713 | 2,360,507 | 2,236,713 |
| Water | - | - | 1,388,256 | 1,165,176 | 1,388,256 | 1,165,176 |
| Total expenses | 49,333,095 | 47,198,537 | 3,748,763 | 3,401,889 | 53,081,858 | 50,600,426 |
| Increase (decrease) in net position before transfers and special items | 3,419,469 | 1,806,798 | 344,886 | 749,675 | 3,764,355 | 2,556,473 |
| Transfers and special items | (20,007) | (348,765) | 20,007 | 348,765 | - | - |
| Increase (Decrease) in net position after transfers and special items | 3,399,462 | 1,458,033 | 364,893 | 1,098,440 | 3,764,355 | 2,556,473 |
| Net position, beginning | (362,008) | (1,820,041) | 5,012,791 | 3,914,351 | 4,650,783 | 2,094,310 |
| Net position, beginning (restated) | (362,008) | (1,820,041) | 5,012,791 | 3,914,351 | 4,650,783 | 2,094,310 |
| Net position, ending | \$ 3,037,454 | \$ (362,008) | \$ 5,377,684 | \$ 5,012,791 | \$ 8,415,138 | \$ 4,650,783 |

Governmental activities. Governmental activities increased the County's net position by \$3,399,462. Key elements of this increase are as follows:

- Increase in property taxes and other taxes.
- Decreased expenditures in Transportation, Environmental Protection, Economic Development, and Education.

Business-type activities: The net position of business-type activities increased by \$364,893. Key elements of this increase are as follows:

- Charges for services increased, expenditures decreased, and grants were received to fund projects.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Vance County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Vance 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 Vance County. At the end of the current fiscal year, Vance County's fund balance available in the General Fund was \$17,394,941 while total fund balance reached \$22,030,420. The County currently has an available fund balance of 35.93% of general fund expenditures, while total fund balance represents 45.51% of that same amount.

At June 30, 2020, the governmental funds of Vance County reported a combined fund balance of \$25,753,608, a 14.40 % increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$1,122,621 for the fiscal year ending June 30, 2020.

Proprietary Funds. The County of Vance's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Total net position of the Solid Waste Fund at the end of the fiscal year was \$442,647, and for the Water Fund equaled \$4,935,037. The change in net position for the Solid Waste Fund was (\$43,412) while the change in net position for the Water Fund was \$408,305. Other factors concerning the finances of these funds have already been addressed in the discussion of Vance County's Business-Type activities.

Capital Asset and Debt Administration

Capital assets. Vance County's capital assets for its governmental and business – type activities as of June 30, 2020, totals \$33,144,377 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, vehicles and construction in progress.

Major capital asset transactions during the year include:

- Purchased a number of new vehicles for public safety, DSS, and planning departments.
- Various other building improvements.
- Various other equipment.
- Land purchased.

Vance County's Capital Assets

Figure 4

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$ 2,403,383 | \$ 2,403,383 | \$ 899,343 | \$ 899,343 | \$ 3,302,726 | \$ 3,302,726 |
| Building & Improvements | 11,378,395 | 11,567,534 | 54,483 | 59,464 | 11,432,878 | 11,626,998 |
| Equipment & Vehicles | 1,983,518 | 1,874,585 | 70,383 | 79,953 | 2,053,901 | 1,954,538 |
| Computer Software | 92,780 | 143,584 | - | - | 92,780 | 143,584 |
| Water Distribution system | - | - | 13,416,876 | 13,797,697 | 13,416,876 | 13,797,697 |
| Construction in Progress | 1,529,566 | 1,325,348 | 1,315,650 | 999,809 | 2,845,216 | 2,325,157 |
| Total | \$ 17,387,642 | \$ 17,314,434 | \$ 15,756,735 | \$ 15,836,266 | \$ 33,144,377 | \$ 33,150,700 |

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

Long-term Debt. As of June 30, 2020, Vance County had total long-term debt obligations of \$25,706,204 all of which is backed by the full faith and credit of the County.

Vance County's Outstanding Debt

Figure 5

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General obligation bonds | \$ - | \$ - | \$ 11,469,002 | \$ 11,670,690 | \$ 11,469,002 | \$ 11,670,690 |
| Capitalized leases | 496,747 | 849,896 | - | - | 496,747 | 849,896 |
| Installment purchase loans | 13,740,455 | 14,985,894 | - | - | 13,740,455 | 14,985,894 |
| Note Payable | - | - | - | - | - | - |
| Total | \$ 14,237,202 | \$ 15,835,790 | \$ 11,469,002 | \$ 11,670,690 | \$ 25,706,204 | \$ 27,506,480 |

Vance County's total debt decreased by \$1,800,276 during the past fiscal year due to the continued amortization of debt.

As mentioned in the financial highlights section of this document, Vance County has been upgraded to an Aa3 bond rating from Moody's Investor Service as well as an AA-bond rating from Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of Vance County. This achievement is a primary factor in keeping borrowing costs low when the County issues debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin Vance County is \$218,261,881.

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

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the current economic condition of Vance County:

- The local economy continues to recover from the latest recession although at a slower rate than other areas of North Carolina. Unemployment rates have continued to decline or hold steady most months. As of June 2020, the unemployment rate was above 10% compared to 6.80% for the same period in the prior year.
- Vance County has two industrial parks with remaining capacity to attract new industry, including the expansion of the Henderson-Vance Industrial Park.
- As of January 1, 2020 the sales assessment ratio of real property was 86.4. This follows a revaluation of all real property in the county in 2016.
- Sales tax distributions, which are a major source of revenue for the county increased by 0.5% over the prior fiscal year. Overall, sales tax revenues have increased by 23% from fiscal year 2011-12 to fiscal year 2019-2020.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The ad valorem tax rate remains at 89.0 cents per \$100.00. Ad valorem tax revenues are expected to increase modestly over the prior fiscal year. The fire tax rate remains the same at 8.9 cents per \$100.00 and since fiscal year 2020 has provided additional funding for volunteer departments to staff two part-time positions to assist with response times. Sales tax collections are projected to increase by only 0.25% due to a conservative projection due to the uncertainty with the COVID-19 pandemic. ABC revenue distributions to the county from the local ABC Board are expected to increase by \$30,000 to \$100,000 total for the year due to increased sales. The County continues to appropriate fund balance on an annual basis to be used for critical building maintenance and other one-time capital outlay needs during the fiscal year. These expenditures have been covered by recurring revenues in recent years and fund balance. Remaining revenue sources are projected to remain fairly constant compared to prior year amounts. The County expects to be able to provide services at the same level as the prior year.

Budgeted expenditures in the General Fund are expected to increase by approximately 2% to \$49,498,430 from the original fiscal year 2019-20 budget. The overall increase is related to a few large items in the budget. These include \$522,120 for a 3% cost of living adjustment for all departments and approximately \$245,248 for added positions and upgrades in the Department of Social Services, Emergency Medical Services, Emergency Operations and Sheriff's Office. Other notable expenditures in the General Fund budget include a state mandated increase in employer contributions to the employees and law enforcement retirement system of \$142,424 and an increase of \$150,000 to jail healthcare expenses to switch nursing providers. The budget provides \$97,200 to continue the county's efforts to bring wireless high speed broadband to the county over the next three years.

Business-type Activities: The solid waste user household fee will increase to \$117.00 per household. The solid waste budget is increasing due to contractual CPI adjustments, increased trash disposal amounts and increasing costs related to managing the solid waste sites and transporting waste. Another major impact is the increasing cost to dispose tires coupled with a significant reduction in state grant money to offset the cost. The Water Fund is expected to remain relatively level with no increase in the water usage rate for customers. The Water Fund continues the need to be subsidized by the General Fund but this has been reduced significantly the past few years due to the addition of new customers.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Vance County, 122 Young Street, Suite B, Henderson, NC 27536. You can also call 252-738-2006, visit our website www.vancecounty.org or send an email to kbigelow@vancecounty.org for more information.

BASIC FINANCIAL STATEMENTS

Vance County, North Carolina
Statement of Net Position
June 30, 2020

| | Primary Government | | | Component Units | | |
|---|----------------------------|--------------------------------|--------------------------------|-----------------------|--|----------------------------|
| | Governmental Activities | Business Type Activities | Total Primary Government | Vance ABC Board | Vance Tourism Development Authority | Total Reporting Unit |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 20,296,058 | \$ 1,721,218 | \$ 22,017,276 | \$ 1,263,887 | \$ 847,009 | \$ 24,128,172 |
| Receivables (net): | | | | | | |
| Property Taxes | 1,471,296 | - | 1,471,296 | - | - | 1,471,296 |
| Accounts | 3,843,334 | 458,056 | 4,301,390 | - | 2,281 | 4,303,671 |
| Notes | 5,700 | - | 5,700 | - | - | 5,700 |
| Grants | 1,528,997 | - | 1,528,997 | - | - | 1,528,997 |
| Interest | 121,153 | - | 121,153 | - | - | 121,153 |
| Inventories | - | - | - | 437,890 | - | 437,890 |
| Due from other governments | 343,928 | 32,285 | 376,213 | - | - | 376,213 |
| Internal balances | - | - | - | - | - | - |
| Prepaid items | - | - | - | 6,494 | - | 6,494 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 1,590,149 | 390,616 | 1,980,765 | - | - | 1,980,765 |
| Net Pension Asset | 54,571 | - | 54,571 | - | - | 54,571 |
| Capital assets: | | | | | | |
| Land, improvements, and construction in process | 3,932,949 | 2,214,994 | 6,147,943 | 192,898 | 461,267 | 6,802,108 |
| Other capital assets, net of depreciation | 13,454,693 | 13,541,741 | 26,996,434 | 503,434 | - | 27,499,868 |
| Total Capital assets | 17,387,642 | 15,756,735 | 33,144,377 | 696,332 | 461,267 | 34,301,976 |
| Total assets | 46,642,828 | 18,358,910 | 65,001,738 | 2,404,603 | 1,310,557 | 68,716,898 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension deferrals | 3,454,816 | 15,391 | 3,470,207 | 85,118 | 22,775 | 3,578,100 |
| OPEB deferrals | 1,564,724 | 1,724 | 1,566,448 | 16,955 | 4,053 | 1,587,456 |
| Total deferred outflows of resources | 5,019,540 | 17,115 | 5,036,655 | 102,073 | 26,828 | 5,165,556 |
| LIABILITIES | | | | | | |
| Accounts payable and accrued liabilities | 1,265,893 | 335,859 | 1,601,752 | 301,028 | 13,071 | 1,915,851 |
| Taxes Payable | - | - | - | 127,616 | - | 127,616 |
| Accrued Expense | - | - | - | 6,821 | - | 6,821 |
| Unspent Grant Proceeds | 497,623 | - | 497,623 | - | - | 497,623 |
| Accrued interest | 164,798 | 31,347 | 196,145 | - | - | 196,145 |
| Distribution Payable | - | - | - | 22,820 | - | 22,820 |
| Due to other governments | 20,012 | - | 20,012 | - | - | 20,012 |
| Customer deposits | - | 75,473 | 75,473 | - | - | 75,473 |
| Long-term liabilities: | | | | | | |
| Due within one year | | | | | | |
| Long-term debt | 1,722,664 | 198,000 | 1,920,664 | - | - | 1,920,664 |
| Due in more than one year | | | | | | |
| Accrued post closure liability | - | 970,400 | 970,400 | - | - | 970,400 |
| Long-term debt | 12,514,538 | 11,271,002 | 23,785,540 | - | - | 23,785,540 |
| Compensated absences | 1,005,867 | 5,329 | 1,011,196 | 35,748 | 10,011 | 1,056,955 |
| Net Pension Liability- LGRS | 5,774,769 | 19,701 | 5,794,470 | 89,301 | 39,692 | 5,923,463 |
| Total Pension Liability- LEOSSA | 978,974 | - | 978,974 | - | - | 978,974 |
| Total OPEB Liability | 20,971,021 | 77,881 | 21,048,902 | 277,098 | 75,675 | 21,401,675 |
| Total liabilities | 44,916,159 | 12,984,992 | 57,901,151 | 860,432 | 138,449 | 58,900,032 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Prepaid taxes | 65,331 | - | 65,331 | - | - | 65,331 |
| Note receivable | 5,700 | - | 5,700 | - | - | 5,700 |
| Pension deferrals | 177,854 | 13,349 | 191,203 | - | 1,006 | 192,209 |
| OPEB deferrals | 3,459,870 | - | 3,459,870 | 34,481 | 12,485 | 3,506,836 |
| Total deferred outflows of resources | 3,708,755 | 13,349 | 3,722,104 | 34,481 | 13,491 | 3,770,076 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 6,930,320 | 4,287,733 | 11,218,053 | 696,332 | 461,267 | 12,375,652 |
| Restricted: | | | | | | |
| Stabilization by State Statute | 6,648,221 | - | 6,648,221 | - | 2,281 | 6,650,502 |
| General Government | 337,373 | - | 337,373 | - | - | 337,373 |
| Education | 1,750,319 | - | 1,750,319 | - | - | 1,750,319 |
| Economic Development | (797,002) | - | (797,002) | - | - | (797,002) |
| Public Safety | 822,618 | - | 822,618 | - | - | 822,618 |
| Working Capital | - | - | - | 147,897 | - | 147,897 |
| Tourism | - | - | - | - | - | - |
| Unrestricted | (12,654,395) | 1,089,951 | (11,564,444) | 767,534 | 721,897 | (10,075,013) |
| Total net position | \$ 3,037,454 | \$ 5,377,684 | \$ 8,415,138 | \$ 1,611,763 | \$ 1,185,445 | \$ 11,212,346 |

Vance County, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2020

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Vance Tourism Development Authority | |
| | | | | | Governmental Activities | Business-type Activities | Vance ABC Board | Total |
| Functions/Programs | | | | | | | | |
| Primary government: | | | | | | | | |
| Government activities: | | | | | | | | |
| General government | \$ 4,852,930 | \$ 830,352 | \$ - | \$ - | (4,022,578) | \$ - | \$ - | \$ (4,022,578) |
| Public safety | 17,359,942 | 3,198,431 | 1,511,350 | - | (12,650,161) | - | - | (12,650,161) |
| Economic and physical development | 2,600,776 | 37,597 | 1,966,043 | - | (597,136) | - | - | (597,136) |
| Environmental Protection | 10,890 | 3,600 | - | - | (7,290) | - | - | (7,290) |
| Transportation | 65,147 | - | - | - | (65,147) | - | - | (65,147) |
| Human services | 11,531,445 | 17,992 | 5,591,494 | - | (5,921,959) | - | - | (5,921,959) |
| Cultural and recreational | 1,971,394 | 86,652 | 859,773 | - | (1,024,969) | - | - | (1,024,969) |
| Education | 10,515,641 | 290,695 | 67,199 | 435,382 | (9,722,365) | - | - | (9,722,365) |
| Interest on debt | 424,930 | - | - | - | (424,930) | - | - | (424,930) |
| Total governmental activities | 49,333,095 | 4,465,319 | 9,995,859 | 435,382 | (34,436,535) | - | - | (34,436,535) |
| Business-type activities: | | | | | | | | |
| Water | 1,388,256 | 1,233,549 | - | 440,340 | - | 285,633 | - | 285,633 |
| Landfill | 2,360,507 | 2,161,572 | 154,850 | - | (44,085) | - | - | (44,085) |
| Total business-type activities | 3,748,763 | 3,395,121 | 154,850 | 440,340 | - | 241,548 | - | 241,548 |
| Total primary government | \$ 53,081,858 | \$ 7,860,440 | \$ 10,150,709 | \$ 875,722 | (34,436,535) | 241,548 | - | (34,194,987) |
| Component units: | | | | | | | | |
| Vance ABC Board | \$ 4,770,868 | \$ 4,973,437 | \$ - | \$ - | - | - | 202,569 | 202,569 |
| Vance County TDA | 321,606 | - | - | - | - | - | (321,606) | (321,606) |
| Total component units | \$ 5,092,474 | \$ 4,973,437 | \$ - | \$ - | - | - | 202,569 | (119,037) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Ad valorem taxes | | | | | 26,838,147 | | | 26,838,147 |
| Local option sales tax | | | | | 9,643,439 | | | 9,643,439 |
| Other taxes | | | | | 55,591 | | | 55,591 |
| Unrestricted intergovernmental | | | | | 531,502 | | | 531,502 |
| Investment income | | | | | 218,350 | 5,628 | | 223,978 |
| Gain/Loss of sale/disposal of assets | | | | | 53,042 | | | 53,042 |
| Miscellaneous | | | | | 515,933 | 97,710 | | 613,643 |
| Transfers | | | | | (20,007) | 20,007 | | - |
| Total general revenues and transfers | | | | | 37,835,997 | 123,345 | | 38,059,342 |
| Change in net position | | | | | 3,764,355 | 364,893 | 202,569 | 3,995,458 |
| Net position - beginning | | | | | (362,008) | 5,012,791 | 1,409,194 | 7,216,888 |
| Prior Period Adjustment | | | | | - | - | - | - |
| Net position - beginning (as restated) | | | | | (362,008) | 5,012,791 | 1,409,194 | 6,059,977 |
| Net position - ending | | | | | \$ 3,037,454 | \$ 5,377,684 | \$ 1,611,763 | \$ 11,212,346 |

Vance County, North Carolina
Governmental Funds
Balance Sheet
June 30, 2020

| | <u>Major</u> | <u>Non-Major</u> | <u>Total</u> |
|---|----------------------|---|-------------------------------|
| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Governmental Funds</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 18,945,156 | \$ 1,350,902 | \$ 20,296,058 |
| Restricted cash | 359,493 | 1,230,656 | 1,590,149 |
| Receivables (net): | | | |
| Taxes | 1,387,539 | 83,757 | 1,471,296 |
| Accounts | 3,385,284 | 458,050 | 3,843,334 |
| Due from other governments | 323,933 | 19,995 | 343,928 |
| Due from other funds | 858,701 | - | 858,701 |
| Grants Receivable | - | 1,528,997 | 1,528,997 |
| Note receivable | - | 5,700 | 5,700 |
| Total assets | <u>\$ 25,260,106</u> | <u>\$ 4,678,057</u> | <u>\$ 29,938,163</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 1,257,271 | \$ 8,622 | \$ 1,265,893 |
| Unspent Grant Proceeds | 497,623 | - | 497,623 |
| Due to other funds | 1,910 | 856,791 | 858,701 |
| Due to other governments | 20,012 | - | 20,012 |
| Total liabilities | <u>1,776,816</u> | <u>865,413</u> | <u>2,642,229</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Prepaid Taxes | 65,331 | - | 65,331 |
| Taxes receivable | 1,387,539 | 83,756 | 1,471,295 |
| Note receivable | - | 5,700 | 5,700 |
| Total deferred inflows of resources | <u>1,452,870</u> | <u>89,456</u> | <u>1,542,326</u> |
| Fund balances: | | | |
| Restricted | | | |
| Stabilization by State Statute | 4,635,479 | 2,012,742 | 6,648,221 |
| Capital Projects - Schools | - | 1,750,319 | 1,750,319 |
| Public Safety | - | 822,618 | 822,618 |
| Tax revaluation | 335,515 | - | 335,515 |
| Community Development | - | (797,002) | (797,002) |
| Facility Improvements | 1,858 | - | 1,858 |
| Committed | | | |
| LEOSSA Pension and OPEB benefits | 311,528 | - | 311,528 |
| Animal Shelter | 23,978 | - | 23,978 |
| Assigned | | | |
| Subsequent year's expenditures | 1,330,356 | - | 1,330,356 |
| Unassigned | 15,391,706 | (65,489) | 15,326,217 |
| Total fund balances | <u>22,030,420</u> | <u>3,723,188</u> | <u>25,753,608</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 25,260,106</u> | <u>\$ 4,678,057</u> | <u>\$ 29,938,163</u> |

VANCE COUNTY, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
June 30, 2020

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

| | | |
|--|----|-------------------------|
| Total fund balance - governmental funds | \$ | 25,753,608 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 38,551,449 |
| Less accumulated depreciation | | (21,163,807) |
| Net capital assets | | <u>17,387,642</u> |
| Net pension asset (Register of Deeds) | | 54,571 |
| Deferred outflows of resources: | | |
| Contributions to the pension plan in the current fiscal year | | |
| LGERS | | 1,221,110 |
| Register of Deeds | | 2,917 |
| OPEB | | 1,564,724 |
| LEOSSA | | 110,239 |
| Benefit payment and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | | 14,648 |
| Pension related deferrals | | |
| LGERS | | 2,092,389 |
| ROD | | 13,513 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements | | 121,153 |
| Deferred inflows of resources reported in the government-wide statements but not in the fund statements: | | |
| Deferred inflows of resources for taxes receivable | | 1,471,295 |
| Pension related deferrals | | |
| LGERS | | (146,431) |
| ROD | | (3,266) |
| OPEB | | (3,459,870) |
| LEOSSA | | (28,157) |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements: | | |
| Bonds, leasing, and installment financing | | (14,237,202) |
| Compensated absences | | (1,005,867) |
| Other Post Employment Benefits | | (20,971,021) |
| Total pension liability - LEOSSA | | (978,974) |
| Net pension liability - LGERS | | (5,774,769) |
| Accrued interest payable | | (164,798) |
| Total adjustment | | <u>(22,716,154)</u> |
| Net position of governmental activities | \$ | <u><u>3,037,454</u></u> |

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

| | Governmental Fund Types | | |
|--------------------------------------|-------------------------|--------------------------------|----------------------|
| | Major | Non-Major | Total |
| | General Fund | Other Governmental Funds | |
| Revenues | | | |
| Ad valorem taxes | \$ 24,966,370 | \$ 1,649,617 | \$ 26,615,987 |
| Local option sales taxes | 9,643,439 | - | 9,643,439 |
| Other taxes and licenses | 55,591 | - | 55,591 |
| Unrestricted intergovernmental | 531,502 | - | 531,502 |
| Restricted intergovernmental | 8,074,025 | 3,078,473 | 11,152,498 |
| Sales and services | 3,453,367 | - | 3,453,367 |
| Investment earnings | 198,949 | 19,401 | 218,350 |
| Miscellaneous | 516,577 | - | 516,577 |
| Total revenues | <u>47,439,820</u> | <u>4,747,491</u> | <u>52,187,311</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 4,704,189 | - | 4,704,189 |
| Public safety | 14,351,920 | 2,168,324 | 16,520,244 |
| Transportation | 28,750 | - | 28,750 |
| Environmental protection | 10,890 | - | 10,890 |
| Economic and physical development | 1,095,317 | 1,495,512 | 2,590,829 |
| Human services | 10,934,629 | - | 10,934,629 |
| Cultural and recreational | 1,925,402 | - | 1,925,402 |
| Education | 10,432,257 | 83,384 | 10,515,641 |
| Debt service: | | | |
| Principal retirement | 1,715,883 | - | 1,715,883 |
| Interest and fees | 439,518 | - | 439,518 |
| Total expenditures | <u>45,638,755</u> | <u>3,747,220</u> | <u>49,385,975</u> |
| Revenues over (under) expenditures | <u>1,801,065</u> | <u>1,000,271</u> | <u>2,801,336</u> |
| Other financing sources (uses): | | | |
| Transfers in | 2,797,363 | 2,781,163 | 5,578,526 |
| Transfers out | (3,178,996) | (2,420,181) | (5,599,177) |
| Proceeds from lease obligations | 407,989 | - | 407,989 |
| Sale of fixed assets | 53,891 | - | 53,891 |
| Total other financing sources (uses) | <u>80,247</u> | <u>360,982</u> | <u>441,229</u> |
| Net Change in Fund Balance | 1,881,312 | 1,361,253 | 3,242,565 |
| Fund balances, beginning of year | <u>20,149,108</u> | <u>2,361,935</u> | <u>22,511,043</u> |
| Fund balances, end of year | <u>\$ 22,030,420</u> | <u>\$ 3,723,188</u> | <u>\$ 25,753,608</u> |

VANCE COUNTY, NORTH CAROLINA
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 Year Ended June 30, 2020

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

| | |
|---|---------------------|
| Net change in fund balance - total governmental funds | \$ 3,242,565 |
| Capital Outlay Expenditures recorded in the fund statements but capitalized as assets in the statement of activities. | 1,297,031 |
| 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. | (1,222,974) |
| Gain on Disposal of assets during the year. | (849) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | |
| LGERS | 1,221,110 |
| ROD | 2,917 |
| Benefit payment and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 14,648 |
| Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position | 441,652 |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has not effect on the statement of activities -- it affects only the government-wide statement of net position. | (407,989) |
| 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. | 1,715,882 |
| Deferred refunding charges and premiums on QZAB bond refundings that are recorded on government-wide statements but not on fund statements | 290,695 |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements. | |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | 14,589 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources. | 18,661 |
| Pension expense | |
| LGERS | (2,546,349) |
| ROD | (10,196) |
| LEOSSA | (96,809) |
| OPEB plan expense | (797,282) |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements. | |
| Increase (Decrease) in deferred inflows of resources - taxes receivable - at year end | 205,107 |
| Increase (Decrease) in accrued interest receivable at year end | 17,053 |
| | <hr/> |
| Change in net position of governmental activities | \$ <u>3,399,462</u> |

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

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|--|--------------------|--------------------|----------------------|--|
| Revenues | | | | |
| Ad valorem taxes | \$ 24,774,024 | \$ 24,757,024 | \$ 24,966,370 | \$ 209,346 |
| Local option sales tax | 9,087,572 | 9,087,572 | 9,643,439 | 555,867 |
| Other taxes and licenses | 57,750 | 57,750 | 55,591 | (2,159) |
| Unrestricted intergovernmental | 256,600 | 322,000 | 531,502 | 209,502 |
| Restricted intergovernmental | 7,769,637 | 8,054,291 | 8,008,723 | (45,568) |
| Sales and services | 3,896,794 | 3,650,307 | 3,453,367 | (196,940) |
| Investment earnings | 103,090 | 20,000 | 189,557 | 169,557 |
| Miscellaneous | 364,580 | 70,120 | 516,577 | 446,457 |
| Total revenues | <u>46,310,047</u> | <u>46,019,064</u> | <u>47,365,126</u> | <u>1,346,062</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 5,290,476 | 5,162,069 | 4,684,336 | 477,733 |
| Public safety | 14,983,417 | 15,377,404 | 14,351,920 | 1,025,484 |
| Transportation | - | 28,750 | 28,750 | - |
| Environmental protection | 80,000 | 30,000 | 10,890 | 19,110 |
| Economic and physical development | 3,083,341 | 1,198,087 | 1,095,317 | 102,770 |
| Human services | 11,528,635 | 12,372,375 | 10,934,629 | 1,437,746 |
| Cultural and recreational | 590,000 | 2,008,110 | 1,925,402 | 82,708 |
| Intergovernmental: | | | | |
| Education | 10,641,827 | 10,654,507 | 10,432,257 | 222,250 |
| Debt service: | | | | |
| Principal retirement | - | 442,396 | 376,522 | 65,874 |
| Interest and other charges | - | 46,619 | 65,917 | (19,298) |
| Total expenditures | <u>46,197,696</u> | <u>47,320,317</u> | <u>43,905,940</u> | <u>3,414,377</u> |
| Revenues over (under) expenditures | <u>112,351</u> | <u>(1,301,253)</u> | <u>3,459,186</u> | <u>4,760,439</u> |
| Other financing sources (uses): | | | | |
| Transfers to other funds | (3,429,469) | (3,429,469) | (3,133,473) | 295,996 |
| Transfers from other funds | 2,079,818 | 1,279,865 | 1,044,308 | (235,557) |
| Proceeds from lease obligation | - | 663,124 | 407,989 | (255,135) |
| Sale of fixed assets | - | 43,000 | 53,891 | 10,891 |
| Contingency | (12,553) | (12,553) | - | 12,553 |
| Appropriated fund balance | 1,249,853 | 2,757,286 | - | (2,757,286) |
| Total other financing sources (uses) | <u>(112,351)</u> | <u>1,301,253</u> | <u>(1,627,285)</u> | <u>(2,928,538)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 1,831,901 | <u>\$ 1,831,901</u> |
| Fund balance, beginning | | | 19,549,077 | |
| Prior Period Adjustment | | | - | |
| Fund balance, ending | | | <u>\$ 21,380,978</u> | |

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

| | | |
|---|----|--------------------------|
| General fund balance, ending | \$ | 21,380,978 |
| A legally budgeted Tax Reassessment Fund is consolidated into the General Fund for reporting purposes: | | |
| Investment Earnings | | 4,285 |
| Transfer in | | 40,600 |
| Expenditures | | - |
| Fund Balance, beginning | | 290,630 |
| A legally budgeted Debt Service Fund is consolidated into the General Fund for reporting purposes: | | |
| Investment Earnings | | 507 |
| Transfer in | | 291,059 |
| Transfer out | | - |
| Expenditures | | (291,566) |
| Fund Balance, beginning | | 541 |
| A legally budgeted School Debt Service Fund is consolidated into the General Fund for reporting purposes: | | |
| Restricted intergovernmental | | - |
| Investment Earnings | | - |
| Transfer in General Fund | | 1,421,396 |
| Expenditures | | (1,421,396) |
| Fund Balance, beginning | | - |
| A legally budgeted Facility Fees Fund is consolidated into the General Fund for reporting purposes: | | |
| Restricted intergovernmental | | 65,302 |
| Investment Earnings | | 74 |
| Transfer out | | (45,523) |
| Expenditures | | (19,853) |
| Fund Balance, beginning | | 1,858 |
| A legally budgeted LEOSSA Fund is consolidated into the General Fund for reporting purposes: | | |
| Investment Earnings | | 4,526 |
| Fund Balance, beginning | | 307,002 |
| Prior Period Adjustment | | - |
| Fund Balance, ending (Exhibit 4) | \$ | <u><u>22,030,420</u></u> |

Vance County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2020

| | Solid Waste Fund | Water Fund | Total |
|---|-------------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 450,580 | \$ 1,270,638 | \$ 1,721,218 |
| Accounts Receivable (net) | 265,871 | 192,185 | 458,056 |
| Due from other governments | 1,039 | 31,246 | 32,285 |
| Total current assets | <u>717,490</u> | <u>1,494,069</u> | <u>2,211,559</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | 390,616 | 390,616 |
| Capital Assets: | | | |
| Land | 882,864 | 16,480 | 899,344 |
| Construction in process | - | 1,315,650 | 1,315,650 |
| Building and improvements | 78,827 | - | 78,827 |
| Water distribution system | - | 15,066,176 | 15,066,176 |
| Vehicles and equipment | 248,047 | - | 248,047 |
| Less accumulated depreciation | (202,009) | (1,649,300) | (1,851,309) |
| Capital assets, net | <u>1,007,729</u> | <u>14,749,006</u> | <u>15,756,735</u> |
| Total noncurrent assets | <u>1,007,729</u> | <u>15,139,622</u> | <u>16,147,351</u> |
| Total assets | <u><u>1,725,219</u></u> | <u><u>16,633,691</u></u> | <u><u>18,358,910</u></u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals | 15,391 | - | 15,391 |
| OPEB deferrals | 1,724 | - | 1,724 |
| Total deferred outflows of resources | <u>17,115</u> | <u>-</u> | <u>17,115</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 213,027 | 122,832 | 335,859 |
| Accrued interest payable | - | 31,347 | 31,347 |
| Current maturities of long-term debt | - | 198,000 | 198,000 |
| Total current liabilities | <u>213,027</u> | <u>352,179</u> | <u>565,206</u> |
| Long-term liabilities: | | | |
| Accrued landfill closure and post closure | 970,400 | - | 970,400 |
| General obligation bonds payable | - | 11,271,002 | 11,271,002 |
| Net pension liability | 19,701 | - | 19,701 |
| Total OPEB liability | 77,881 | - | 77,881 |
| Compensated absences payable | 5,329 | - | 5,329 |
| Customer deposits | - | 75,473 | 75,473 |
| Total noncurrent liabilities | <u>1,073,311</u> | <u>11,346,475</u> | <u>12,419,786</u> |
| Total liabilities | <u>1,286,338</u> | <u>11,698,654</u> | <u>12,984,992</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension deferrals | 500 | - | 500 |
| OPEB deferrals | 12,849 | - | 12,849 |
| Total deferred inflows of resources | <u>13,349</u> | <u>-</u> | <u>13,349</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,007,729 | 3,280,004 | 4,287,733 |
| Restricted | - | 315,143 | 315,143 |
| Unrestricted | (565,082) | 1,339,890 | 774,808 |
| Total net position | <u>\$ 442,647</u> | <u>\$ 4,935,037</u> | <u>\$ 5,377,684</u> |

Vance County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2020

| | Solid Waste Fund | Water Fund | Total |
|--|---------------------|---------------------|---------------------|
| Operating revenues: | | | |
| Charges for services | \$ 2,147,413 | \$ 1,216,149 | \$ 3,363,562 |
| Other operating revenues | 14,159 | 17,400 | 31,559 |
| Total operating revenues | <u>2,161,572</u> | <u>1,233,549</u> | <u>3,395,121</u> |
| Operating expenses: | | | |
| Cost of operations | 2,422,066 | 664,434 | 3,086,500 |
| Landfill closure and post closure care costs | (76,110) | - | (76,110) |
| Depreciation and amortization | 14,551 | 380,821 | 395,372 |
| Total operating expenses | <u>2,360,507</u> | <u>1,045,255</u> | <u>3,405,762</u> |
| Operating income (loss) | <u>(198,935)</u> | <u>188,294</u> | <u>(10,641)</u> |
| Nonoperating revenues (expenses): | | | |
| Investment earnings | - | 5,628 | 5,628 |
| Federal, state, and local grants | 14,300 | 440,340 | 454,640 |
| Intergovernmental taxes and other revenues | 140,550 | - | 140,550 |
| Capital contributions | - | 97,710 | 97,710 |
| Interest and other charges | - | (343,001) | (343,001) |
| Total nonoperating revenues (expenses) | <u>154,850</u> | <u>200,677</u> | <u>355,527</u> |
| Income (loss) before transfers and contributions | (44,085) | 388,971 | 344,886 |
| Transfers in | <u>673</u> | <u>19,334</u> | <u>20,007</u> |
| Change in net position | <u>(43,412)</u> | <u>408,305</u> | <u>364,893</u> |
| Total net position, beginning | 486,059 | 4,526,732 | 5,012,791 |
| Prior Period Adjustment | - | - | - |
| Total net position - beginning (as restated) | <u>486,059</u> | <u>4,526,732</u> | <u>5,012,791</u> |
| Total net position, ending | <u>\$ 442,647</u> | <u>\$ 4,935,037</u> | <u>\$ 5,377,684</u> |

Vance County, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2020

| | Solid Waste Fund | Water Fund | Total |
|--|---------------------|---------------------|---------------------|
| Cash Flows From Operating Activities | | | |
| Cash received from customers | \$ 2,121,171 | \$ 1,120,116 | \$ 3,241,287 |
| Cash paid for goods and services | (2,300,597) | (742,391) | (3,042,988) |
| Cash paid to employees for services | (78,730) | - | (78,730) |
| Other operating revenues | 14,159 | 17,400 | 31,559 |
| Net cash provided by (used in) operating activities | <u>(243,997)</u> | <u>395,125</u> | <u>151,128</u> |
| Cash Flows From Noncapital Financing Activities | | | |
| Transfers to other funds | | | |
| Transfers from other funds | 673 | 19,334 | 20,007 |
| Net cash provided by (used in) financing activities | <u>673</u> | <u>19,334</u> | <u>20,007</u> |
| Cash Flows From Capital and Related Financing Activities | | | |
| Capital contributions - Federal, state and local grants | 14,300 | 440,340 | 454,640 |
| Intergovernmental taxes and fees | 140,550 | - | 140,550 |
| Interest and bond issuance costs | - | (339,625) | (339,625) |
| Acquisition of capital assets | - | (315,841) | (315,841) |
| Issuance of debt | - | - | - |
| Repayment of debt obligations | - | (201,688) | (201,688) |
| Net cash provided by (used in) capital and related financing activities | <u>154,850</u> | <u>(416,814)</u> | <u>(261,964)</u> |
| Cash Flows From Investing Activities | | | |
| Investment Income | - | 5,628 | 5,628 |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>5,628</u> | <u>5,628</u> |
| Net increase (decrease) in cash and cash equivalents/investments | <u>(88,474)</u> | <u>3,273</u> | <u>(85,201)</u> |
| Cash and cash equivalents/investments | | | |
| Beginning of year | <u>539,054</u> | <u>1,657,981</u> | <u>2,197,035</u> |
| End of year | <u>\$ 450,580</u> | <u>\$ 1,661,254</u> | <u>\$ 2,111,834</u> |

Vance County, North Carolina
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2020

| | Solid Waste Fund | Water Fund | Total |
|--|---------------------|-------------------|-------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ (198,935) | \$ 188,294 | \$ (10,641) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation and Amortization | 14,551 | 380,821 | 395,372 |
| Change in assets and liabilities: | | | |
| (Increase) decrease in accounts receivable | (26,242) | (114,118) | (140,360) |
| (Increase) decrease in deferred outflows of resources for pensions | (1,757) | - | (1,757) |
| (Increase) in deferred outflows of resources for OPEB | - | - | - |
| Increase (decrease) in accounts payable and accrued liabilities | 36,614 | (77,957) | (41,343) |
| Increase (decrease) in deferred inflows of resources for pensions | 225 | - | 225 |
| Increase (decrease) in deferred inflows of resources for OPEB | (2,635) | - | (2,635) |
| Increase (decrease) in customer deposits | - | 18,085 | 18,085 |
| Increase (decrease) in net pension liability | 1,967 | - | 1,967 |
| Increase (decrease) in accrued post closure liability | (76,110) | - | (76,110) |
| Compensated absences payable | 283 | - | 283 |
| Increase (decrease) in OPEB liability | 8,042 | - | 8,042 |
| Total adjustments | <u>(45,062)</u> | <u>206,831</u> | <u>161,769</u> |
| Net cash provided by (used in) operating activities | <u>\$ (243,997)</u> | <u>\$ 395,125</u> | <u>\$ 151,128</u> |

Vance County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | <u>Agency Funds</u> |
|--------------------------------------|-------------------------|
| Assets | |
| Cash and investments | \$ 271,804 |
| Total assets | <u>271,804</u> |
| Liabilities and Net Position | |
| Accounts payable | <u>271,804</u> |
| Total liabilities | <u>271,804</u> |
| Net Position | |
| Held in trust (Fiduciary net assets) | <u><u>\$ -</u></u> |

COUNTY OF VANCE, NORTH CAROLINA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

Note 1: Summary of Significant Accounting Policies

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

A. Reporting Entity

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|--|------------------|--|--|
| Vance County- Water District | Blended | Under State law (NCGS 162-A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Vance 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. | Vance County ABC Board PO Box 1417 Henderson NC, 27536 |
| Vance County Tourism Development Authority | Discrete | The Authority exists to promote travel and tourism within the County. The members of the Tourism Authority's Board are appointed by the County. | Vance County Tourism Development Authority 943 Andrews Ave. Henderson , NC 27536 |
| Vance County Industrial Facility and Pollution Control Financing Authority | Discrete | The Financing Authority is governed by a seven member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without a cause. | None issued |

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

The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

Vance County Water District exists to provide and maintain water systems for the County residents within the district. The District is reported as an enterprise fund in the County's financial statements. The blended presentation method presents component units as a department or unit of the County, and it offers no separate presentation as within the discrete method.

B. Basis of Presentation – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

Solid Waste Fund - This fund is used to account for the operations, maintenance and development of the County's landfill and various disposal sites.

Water Fund - This fund accounts for the development and operations of the new water systems within the Vance County Water District.

Note 1- Summary of significant accounting policies (continued)

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

The County reports the following fund types:

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Service Fund, which accounts for money deposited with in the Social Services department for the benefits of certain individuals; the Vance County Jail Inmates Trust Fund, which accounts for funds on behalf of inmates; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Vance County Board of Education; the City Ad Valorem and Motor Vehicle Tax Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to North Carolina Department of Motor Vehicles and the property taxes collected on behalf of various municipalities within the Count; and Register of Deeds Trust Fund which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage.

Non-major Funds . The County maintains six legally budgeted funds. The Emergency Telephone Systems Fund, Fire District Fund, Economic Development Fund, Neighborhood Stabilization Program Fund, are reported as non-major capital project fund. The Capital Reserve Fund-General is consolidated into the General Capital Projects Fund, and the School Capital Reserve Fund is consolidated into the School Capital Projects Fund in accordance with GASB Statement No. 54.

Measurement Focus, Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from 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.

Note 1- Summary of significant accounting policies (continued)

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

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General, Emergency Telephone, Facilities Fees Fund, Revaluation Fund, Fire District Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year end.

Project ordinances are adopted for the project and grant funds. The Enterprise Capital Projects Fund is consolidated with the enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the multi-year funds. Expenditures may not exceed appropriations at the fund level for the enterprise fund. Amendments are required for any appropriations that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000. All revisions to the budget and transfer appropriations must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing body must adopt an interim budget that covers the 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 task to be performed and the data by which each is required to be completed.

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 the State law [G.S. 159-26(d)], the County maintains encumbrances accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represents 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.

Note 1- Summary of significant accounting policies (continued)

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

Deposits and Investments

All deposits of the County, the Vance County ABC Board, and the Vance 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 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.

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

The majority of the County, the Tourism Development Authority, and the ABC Board's investments are carried at fair value. Non-participating interest earnings investment contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

Cash and cash equivalents

The County pools monies from several funds to facilitate disbursements and investments and maximize investments income. Investment earnings are allocated to all funds based on the cash balance outstanding at the end of the 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 funds of the Tourism Development Authority are pooled with those of the County.

Restricted assets

Unexpended loan and bond anticipation note proceeds are classified as restricted assets on the balance sheet because their use is completely restricted to the purpose for which the loans and bonds were originally issued. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit is collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Restricted Cash

Governmental Activities

| | | |
|-------------------------------|---|------------|
| Tax Revaluation Fund | Tax revaluation | \$ 335,515 |
| General Fund | Animal Shelter | 23,978 |
| School Capital Projects Fund | Unexpended Public School Building funds | 1,197,874 |
| General Capital Project Fund | Unexpended loan proceeds | 32,782 |
| | | <hr/> |
| Total Governmental Activities | | 1,590,149 |

Business-Type Activities

| | | |
|--------------------------------|---------------------------|---------|
| Water Fund | Customer deposits | 75,473 |
| Water Fund | USDA Reserve debt service | 315,143 |
| | | <hr/> |
| Total Business-type Activities | | 390,616 |

| | | |
|-----------------------|--|--------------------------|
| Total Restricted Cash | | <hr/> <hr/> \$ 1,980,765 |
|-----------------------|--|--------------------------|

Note 1- Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (continued)

Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019.

Allowance for Doubtful Accounts

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

Inventories and Prepaid Items

The inventory of the ABC Board is valuable at the lower cost (FIFO) or market, and consists of products held for consumption or resale. The cost of this inventory is charged to cost of sales or operating expenses as the inventory is sold or consumed. 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.

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 the 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 costs are \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

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

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

| <u>Description</u> | <u>Estimated Useful Lives</u> |
|---------------------------------|-------------------------------|
| Furniture and office equipment | 7 years |
| Computer equipment and software | 5 years |
| Building | 40 years |
| Improvements | 15-40 years |
| Water distribution systems | 40 years |
| Automobiles and trucks | 5 years |

Note 1- Summary of significant accounting policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (continued)

Capital assets (continued)

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

| Description | Estimated Useful Lives |
|-------------------------|------------------------|
| Buildings | 30 years |
| Furniture and equipment | 5-15 years |
| Leasehold Improvements | 10-15 years |

Deferred Outflows / Inflows of Resources

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

Long-Term Obligations

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

Compensated Absences

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

The sick leave policies of the County, ABC Board, and the Tourism Development Authority 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 of 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.

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.

Note 1- Summary of significant accounting policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (continued)

Net Positions/Fund Balance (continued)

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

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

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

Restricted for Facility improvements - portion of fund balance that is restricted by revenue source to pay for the facility enhancements.

Restricted Tax Revaluation- portion of fund balance that is restricted by revenue source for tax revaluation expenditures.

Restricted for Public Safety- portion of fund balance that is restricted by revenue source for emergency service expenditures.

Restricted for Community Development - portion of fund balance that is restricted by revenue source for economic development expenditures.

Restricted for School Capital Projects - portion of fund balance that is restricted by revenue source for community development expenditures.

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

Committed for LEO pension and OPEB obligation-portion of fund balance that will be used for the Law Enforcement Officers' Special Separation Allowance and other Post-Employment Benefit obligations.

Committed for Animal Shelter-portion of fund balance that will be used for the Animal Shelter expenditures.

Assigned Fund Balance - portion of fund balance that the Vance County governing board has budgeted. Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

Vance County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, and 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 his policy if it is in the best interest for the County.

Note 1- Summary of significant accounting policies (continued)

D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity (continued)

Defined Benefit Pension Plans

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Note 2 – Stewardship, Compliance, and Accountability

Deficit Fund Balance or Net position of Individual Funds

For the fiscal year ended June 30, 2020 the following funds had a deficit fund balance:

| | |
|---------------------------------|-----------|
| Neighborhood Stabilization Fund | \$ 65,489 |
|---------------------------------|-----------|

The deficit fund balance is due to expenditures in excess of grant reimbursements received as of the fiscal year end for the grant project funds. The County will appropriate and transfer money from other funds in fiscal year 2021 to remove deficit fund balance.

Excess of Expenditures Over Appropriations

None

Note 3 – Detail Notes on All Funds

1 ASSETS

1. Deposits

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

The County has no formal policy regarding custodial credit risk. The State Treasurer enforces standards of minimum capitalization for all pooling method financial situations. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County and Tourism Development Authority adopted a policy regarding custodial credit risk for deposits in May of 2015. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the carrying amount of the County's deposits was \$14,482,803 and the bank balance was \$16,335,992. Of the bank balance, \$697,836 was covered by federal depository insurance and \$14,421,133 in non-interest bearing deposits and \$1,217,023 in interest bearing deposits were covered by collateral held under the Pool Method. At June 30, 2020, the County had \$950 cash on hand.

At June 30, 2020, the carrying amount of deposits of Vance County ABC Board was \$1,262,003 and the bank balance was \$1,258,758. Of this balance, \$250,000 was covered by the federal depository insurance and \$1,008,758 was maintained in financial institutions utilizing the Pooling Method of collateralization.

At June 30, 2020, the carrying amount of deposits for the Vance County Tourism Development Authority was \$730,210 and the bank balance was \$730,210. Since the Authority's deposits are pooled with those of Vance County, none of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2020, the County had the following investments and maturities:

| Investment Type | Valuation Measurement Method | Fair Value | Less than 6 Months | 6-12 Months |
|--|------------------------------|--------------|--------------------|-------------|
| NC Capital Management Trust - Government Portfolio | Fair Value- Level 1 | \$ 8,787,044 | \$ 8,787,044 | \$ - |
| NC Capital Management Trust - Term Portfolio | Fair Value- Level 1 | \$ 999,048 | \$ 999,048 | \$ - |
| Total | | \$ 9,786,092 | \$ 9,786,092 | \$ - |

* As of June 30, 2020, the NCCMT Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P. The NCCMT Term Portfolio has no rating.

Note 3 – Detail Notes on All Funds (continued)

1. ASSETS (continued)

2. Investments (continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County adopted a policy regarding custodial credit risk for deposit in May of 2015.

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

Credit Risk: The County limits investments to the provisions of the G.S. 159-30 and restricts the purchase of the securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organization (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating AAAM by Standard & Poor's as of June 30, 2020. The County's investments in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended.

At June 30, 2020, the Vance County Tourism Development Authority had the following investments and maturities. The Authority adopted a policy regarding custodial credit risk for deposits in May of 2015.

| Investment Type | Measurement Method | Fair Value | Less than 6 Months | 6-12 Months |
|---|--------------------|------------|--------------------|-------------|
| NC Capital Management of Trust - Cash Portfolio | Amortized Cost | \$ 116,799 | N/A | N/A |
| Total | | \$ 116,799 | - | - |

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

Credit Risk: The Authority's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2020.

At June 30, 2019 the ABC Board 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 re-computed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

| Year Levied | Tax | Interest | Total |
|-------------|--------------|------------|--------------|
| 2016 | \$ 1,048,344 | \$ 343,333 | \$ 1,391,677 |
| 2017 | 1,071,373 | 254,258 | 1,325,631 |
| 2018 | 1,064,097 | 156,955 | 1,221,052 |
| 2019 | 1,072,355 | 61,661 | 1,134,016 |
| | \$ 4,256,169 | \$ 816,207 | \$ 5,072,376 |

Note 3 – Detail Notes on All Funds (continued)

1. ASSETS (continued)

4. Receivables

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

| | <u>Accounts</u> | <u>Taxes</u> | <u>Due From Other Governments</u> | <u>Total</u> |
|---------------------------------------|---------------------|---------------------|---------------------------------------|---------------------|
| Governmental Activities: | | | | |
| General | \$ 3,385,284 | \$ 1,741,795 | 323,933 | \$ 5,451,012 |
| Other Governmental | 458,050 | 83,757 | 19,995 | 561,802 |
| Total Receivables | 3,843,334 | 1,825,552 | 343,928 | 6,012,814 |
| Allowance for Doubtful Accounts | - | (354,256) | - | (354,256) |
| Total Governmental Activities | \$ 3,843,334 | \$ 1,471,296 | \$ 343,928 | \$ 5,658,558 |
| Business Type Activities: | | | | |
| Solid Waste | \$ 358,905 | - | 1,039 | \$ 359,944 |
| Water | 311,548 | - | 31,246 | 342,794 |
| Total Receivables | 670,453 | - | 32,285 | 702,738 |
| Allowance for Doubtful Accounts | (244,682) | - | - | (244,682) |
| Total Business-Type Activities | \$ 425,771 | \$ - | \$ 32,285 | \$ 458,056 |

Notes receivable

The County's note receivables are as follows:

| Receivables From | Purpose of Note Receivable | Maturity Date | Annual Payment | Balance as of 6/30/20 |
|-------------------------|-----------------------------------|----------------------|-----------------------|----------------------------------|
| Town of Middleburg | Economic Development | February, 2022 | \$ 3,600 | \$ 5,700 |
| Total | | | | \$ 5,700 |

Note receivable from the Town of Middleburg in the amount of \$24,000 payable to Vance County in 80 month installments of \$300 without interest, beginning in July 2015 through February 2022.

Note 3 - Detailed Notes on All Funds (continued)

1. ASSETS (continued)

5. Capital assets

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

| | Beginning Balance | Additions | Decreases | Transfers & Adjustments | Ending Balance |
|---|----------------------|-----------|-----------|----------------------------|----------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 2,403,383 | \$ - | \$ - | \$ - | \$ 2,403,383 |
| Construction in Progress | 1,325,348 | 204,218 | - | - | 1,529,566 |
| Total capital assets not being depreciated | 3,728,731 | 204,218 | - | - | 3,932,949 |
| Depreciable property: | | | | | |
| Buildings | 25,475,112 | 407,070 | - | - | 25,882,182 |
| Vehicles | 5,384,304 | 664,129 | (575,014) | - | 5,473,419 |
| Equipment | 2,888,034 | 21,614 | (62,039) | - | 2,847,609 |
| Computer software | 415,290 | - | - | - | 415,290 |
| Total other capital assets being depreciated | 34,162,740 | 1,092,813 | (637,053) | - | 34,618,500 |
| Total Capital Assets | 37,891,471 | 1,297,031 | (637,053) | - | 38,551,449 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 13,907,578 | 596,209 | - | - | 14,503,787 |
| Vehicles | 4,043,605 | 392,365 | (574,165) | - | 3,861,805 |
| Equipment | 2,354,148 | 183,596 | (62,039) | - | 2,475,705 |
| Software | 271,706 | 50,804 | - | - | 322,510 |
| Total other capital assets at historical cost | 20,577,037 | 1,222,974 | (636,204) | - | 21,163,807 |
| Other capital assets, net | 13,585,703 | (130,161) | (849) | - | 13,454,693 |
| Governmental activities capital assets, net | \$ 17,314,434 | \$ 74,057 | \$ (849) | \$ - | \$ 17,387,642 |

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

| | |
|-----------------------------------|---------------------|
| Governmental Activities | |
| General Government | \$ 359,139 |
| Public Safety | 768,551 |
| Human Services | 73,728 |
| Economic and physical development | 21,556 |
| Total depreciation expenses | <u>\$ 1,222,974</u> |

Note 3 – Detail Notes on All Funds (continued)

1. ASSETS (continued)

5. Capital assets (continued)

The summary for the *Proprietary Funds* of the County at June 30, 2020 are composed as follows:

Business-type activities:

| | Beginning Balance | Additions | Decreases | Transfers & Adjustments | Ending Balance |
|--|----------------------|-------------|-----------|----------------------------|----------------|
| SOLID WASTE | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 882,863 | \$ - | \$ - | \$ - | \$ 882,863 |
| Total capital assets not being depreciated | 882,863 | - | - | - | 882,863 |
| Capital assets being depreciated | | | | | |
| Buildings & improvements | 78,827 | - | - | - | 78,827 |
| Equipment | 222,823 | - | - | - | 222,823 |
| Vehicles | 35,228 | - | (10,004) | - | 25,224 |
| Total capital assets being depreciated | 336,878 | - | (10,004) | - | 326,874 |
| Total capital assets being depreciated | 1,219,741 | - | (10,004) | - | 1,209,737 |
| Less accumulated depreciation for: | | | | | |
| Buildings & improvements | 19,363 | 4,981 | - | - | 24,344 |
| Equipment | 142,870 | 9,570 | - | - | 152,440 |
| Vehicles | 35,228 | - | (10,004) | - | 25,224 |
| Total accumulated depreciation | 197,461 | 14,551 | (10,004) | - | 202,008 |
| Solid Waste capital assets, net | \$ 1,022,280 | \$ (14,551) | \$ - | \$ - | \$ 1,007,729 |
| WATER | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 16,480 | \$ - | \$ - | \$ - | \$ 16,480 |
| Construction in progress | 999,809 | 315,841 | - | - | 1,315,650 |
| Total capital assets not being depreciated | 1,016,289 | 315,841 | - | - | 1,332,130 |
| Capital assets being depreciated | | | | | |
| Water lines | 15,066,176 | - | - | - | 15,066,176 |
| Total capital assets being depreciated | 15,066,176 | - | - | - | 15,066,176 |
| Less accumulated depreciation for: | | | | | |
| Improvements | 1,268,479 | 380,821 | - | - | 1,649,300 |
| Total accumulated depreciation | 1,268,479 | 380,821 | - | - | 1,649,300 |
| Water capital assets, net | \$ 14,813,986 | \$ (64,980) | \$ - | \$ - | \$ 14,749,006 |
| Business activities capital assets, net | \$ 15,836,266 | \$ (79,531) | \$ - | \$ - | \$ 15,756,735 |

Note 3 – Detail Notes on All Funds (continued)

1. ASSETS (continued)

5. Capital assets (continued)

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 |
|----------------------------------|----------------------------|-----------------------------|
| Capital assets | \$ 17,387,642 | \$ 15,756,735 |
| Total debt, gross | 14,237,202 | 11,469,002 |
| Less: | | |
| Other non-capital related debt | 3,779,880 | - |
| Total capital debt | 10,457,322 | 11,469,002 |
| Net investment in capital assets | <u>\$ 6,930,320</u> | <u>\$ 4,287,733</u> |

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

| | Beginning Balances | Increases | Decreases | Transfers | Ending Balances |
|--|-----------------------|-------------|-------------|-------------|--------------------|
| Tourism Development Authority | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 461,267 | \$ - | \$ - | \$ - | \$ 461,267 |
| Total capital assets not being depreciated | <u>\$ 461,267</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 461,267</u> |

Note 3 – Detail Notes on All Funds (continued)

1. ASSETS (continued)

5. Capital assets (continued)

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

| ABC Board | Beginning Balances | Increases | Decreases | Transfers | Ending Balances |
|---|-----------------------|------------|-----------|-----------|--------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 192,898 | \$ - | \$ - | \$ - | \$ 192,898 |
| Total capital assets not being depreciated | 192,898 | - | - | - | 192,898 |
| Capital assets being depreciated: | | | | | |
| Building | 659,416 | - | - | - | 659,416 |
| Land Improvements | 92,930 | - | - | - | 92,930 |
| Furniture and equipment | 167,181 | 31,360 | - | - | 198,541 |
| Total capital assets being depreciated | 919,527 | 31,360 | - | - | 950,887 |
| Total | 1,112,425 | 31,360 | - | - | 1,143,785 |
| Less accumulated depreciation for: | | | | | |
| Building | 216,142 | 21,981 | - | - | 238,123 |
| Land improvement | 66,366 | 4,901 | - | - | 71,267 |
| Furniture and equipment | 128,339 | 9,724 | - | - | 138,063 |
| Total accumulated depreciation | 410,847 | 36,606 | - | - | 447,453 |
| Total capital assets being depreciated, net | 508,680 | (5,246) | - | - | 503,434 |
| ABC - capital assets, net | \$ 701,578 | \$ (5,246) | \$ - | \$ - | \$ 696,332 |

The ABC Board enters into annual contracts with the North Carolina Department of Crime Control and Public Safety, Division of Alcohol Law Enforcement to provide enforcement services. Contract payments are due quarterly.

Commitments- The County has active general and school construction projects at June 30, 2020. At year-end, the County's commitments with contractors are as follows:

| | County Commitments | Spent To Date |
|---|-----------------------|------------------|
| Eaton Johnson - DSS Building Architectural Services | \$ 4,528,030 | \$ 214,399 |
| Admin & Courthouse Buildings | 270,000 | - |
| Total Commitments | \$ 4,798,030 | \$ 214,399 |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES

1. Payables

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

| | Vendors | Other | Total |
|--------------------------------|---------------------|-------------|---------------------|
| Governmental Activities: | | | |
| General | \$ 1,257,271 | \$ - | \$ 1,257,271 |
| Other Governmental | 8,622 | - | 8,622 |
| Total Governmental Activities | <u>\$ 1,265,893</u> | <u>\$ -</u> | <u>\$ 1,265,893</u> |
| Business-type Activities | | | |
| Solid Waste | \$ 213,027 | \$ - | \$ 213,027 |
| Water Fund | 122,832 | - | 122,832 |
| Total Business-Type Activities | <u>\$ 335,859</u> | <u>\$ -</u> | <u>\$ 335,859</u> |

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government 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 consist of 13 members- nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-office members. The Local Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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 9.01% 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 plan from the County were \$1,225,276 for the year ended June 30, 2020. Contributions to the pension plan from the ABC Board and the Tourism Development Authority were \$35,673 and \$8,503, respectively, 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 \$5,794,470, 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 0.2122% (measured as of June 30, 2019), which was a decrease of 0.0077% from its proportion measured as of June 30, 2018 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$2,555,035. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 992,160 | \$ - |
| Changes of assumptions | 944,403 | - |
| Net difference between projected and actual earnings on pension plan investments | 141,335 | - |
| Changes in proportion and differences between County Contributions and proportionate share of contributions | 21,629 | 146,931 |
| County contributions subsequent to the measurement date | 1,225,276 | - |
| Total | \$ 3,324,803 | \$ 146,931 |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

Subsequent to the measurement date, \$1,225,276 reported as deferred outflows of resources related to pensions resulting from the County contributions and will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | |
|----------------------------|---------------------|
| 2021 | \$ 1,001,234 |
| 2022 | 293,948 |
| 2023 | 524,704 |
| 2024 | 132,710 |
| 2025 | - |
| Thereafter | - |
| | <u>\$ 1,952,596</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 percent |
| 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 measurements.

The projected long-term investments returns and inflation assumptions are developed through review of current and historical capital market data, sell-side investments research, consultant whitepapers, and historical performance of investments 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 assets class of June 30, 2020 are summarized in the following table:

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

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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:

| | 1% Decrease <u>(6.00%)</u> | Discount Rate <u>(7.00%)</u> | 1% Increase <u>(8.00%)</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 13,253,013 | \$ 5,794,470 | \$ 405,090 |

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 Vance County ABC Board and the Tourism Development Authority are also participating employers in the statewide Local Governmental Employee's Retirement System (LGERS). The ABC Board's and Tourism Development Authority's proportionate share of the net pension assets is not material relative to the primary government, Vance County.

Therefore, pension disclosures for the ABC Board and Authority are not included in this report. Detailed information about the ABC Board's and the Authority's pension plans are included in the separately issued audit reports of the Vance County ABC Board and Vance County Tourism Development Authority.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description - The County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers 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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

| | |
|--|----|
| Retirees receiving benefits | 3 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 40 |
| Total | 43 |

Note 3 - Detailed Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

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

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

| | |
|-----------------|---|
| Inflation | 2.5 percent |
| Salary Increase | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount Rate | 3.26 percent |

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality Rate

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions - The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$26,167 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 \$978,974. 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, 2019, the County recognized pension expense of \$82,161.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 59,323 | \$ - |
| Changes of assumptions | 50,916 | 28,157 |
| County benefit payments and plan administrative expense made subsequent to the measurement date | 14,648 | - |
| Total | <u>\$ 124,887</u> | <u>\$ 28,157</u> |

Note 3 - Detailed Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

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

\$14,648 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 | \$ | 21,833 |
| 2022 | | 21,833 |
| 2023 | | 21,160 |
| 2024 | | 8,414 |
| 2025 | | 8,842 |
| Thereafter | | - |
| | \$ | <u>82,082</u> |

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

| | | | |
|-------------------------|------------|------------|------------|
| | 1% | Discount | 1% |
| | Decrease | Rate | Increase |
| | (2.26%) | (3.36%) | (4.26%) |
| Total pension liability | \$ 937,148 | \$ 865,373 | \$ 799,991 |

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

| | |
|---|-------------------|
| Beginning Balance | \$ 865,373 |
| Service Cost | 43,953 |
| Interest on the total pension liability | 31,023 |
| Changes of benefit terms | - |
| Differences between expected and | 36,274 |
| Changes of assumptions or other inputs | 28,518 |
| Benefit payments | (26,167) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 978,974</u> |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 (measurement date) to 3.26 percent at June 30, 2019 (measurement date).

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.

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2020 were \$97,048, which consisted of \$81,199 from the County and \$15,849 from the law enforcement officers.

d. Register of Deeds' Supplemental Pension Fund

Plan Description. also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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 \$2,917 for the year ended June 30, 2020.

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

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Register of Deeds' Supplemental Pension Fund (continued)

At June 30, 2020, the County reported an asset of \$54,571 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension asset was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating RODSPF employers, actuarially determined. At June 30, 2019, the County’s proportion was 0.2764%, which was a decrease of 0.00783% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$10,196. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 2,632 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 558 | - |
| Changes in proportion and differences between County Contributions and proportionate share of contributions | 12,955 | 634 |
| County contributions subsequent to the measurement date | 2,917 | - |
| Total | <u>\$ 16,430</u> | <u>\$ 3,266</u> |

\$2,917 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 | \$ 2,623 |
| 2022 | 4,858 |
| 2023 | 3,846 |
| 2024 | (1,080) |
| 2025 | - |
| Thereafter | - |
| | <u>\$ 10,247</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 | 3.5 to 7.75 percent, including inflation and productivity factor |
| Investment Rate of Return | 3.75 percent, net of pension plan investment expense, including inflation |

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

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

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

d. Register of Deeds' Supplemental Pension Fund (continued)

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 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 3.00%. All rates of return and inflation are annualized.

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

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

| | 1% Decrease <u>(2.75%)</u> | Discount Rate <u>(3.75%)</u> | 1% Increase <u>(4.75%)</u> |
|---|----------------------------------|------------------------------------|----------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (45,109) | \$ (54,571) | \$ (62,570) |

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 Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

| | <u>LGERS</u> | | <u>ROD</u> | | <u>LEOSSA</u> | | <u>Total</u> |
|--|--------------|----|------------|----|---------------|----|--------------|
| Proportionate Share of Net Pension Liability (Asset) | \$ 5,794,470 | \$ | (54,571) | \$ | - | \$ | 5,739,899 |
| Proportion of the Net Pension Liability (Asset) | 0.21218% | | 0.27642% | | n/a | | |
| Total Pension Liability | - | | - | | 978,974 | | 978,974 |
| Pension Expense | 2,555,035 | | 10,196 | | 82,161 | | 2,647,392 |

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

| <u>Deferred Outflows of Resources</u> | <u>LGERS</u> | | <u>ROD</u> | | <u>LEOSSA</u> | | <u>Total</u> |
|--|--------------|----|------------|----|---------------|----|--------------|
| Differences between expected and actual experience | \$ 992,160 | \$ | - | \$ | 59,323 | \$ | 1,051,483 |
| Changes in assumptions | 944,403 | | - | | 50,916 | | 995,319 |
| Net difference between projected and actual earnings on pension plan investments | 141,335 | | 558 | | - | | 141,893 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 21,629 | | 12,955 | | - | | 34,584 |
| County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 1,225,276 | | 2,917 | | 14,648 | | 1,242,841 |

Deferred Inflows of Resources

| | | | | | | | |
|---|---------|--|-------|--|--------|--|---------|
| Differences between expected and actual experience | - | | 2,632 | | - | | 2,632 |
| Changes in assumptions | - | | - | | 28,157 | | 28,157 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 146,931 | | 634 | | - | | 147,565 |

f. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of Vance county, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. The Fund provides pension benefits to any eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' 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 fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

g. Other Postemployment Benefits

Plan Description

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of July 1, 2011, 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 a) have at least 30 year of creditable service with the County or b) have at least 15 years of creditable service with the County. The County pays the full cost of coverage for these benefits for lifetime employees with 30 years of services. Employees with 15 years of service may purchase insurance through the County's plan at their own expense until Medicare eligibility age. Prior to July 1, 2011, employees qualified for lifetime benefits after a minimum of 15 years of creditable service with the County. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplement Plan after qualifying for Medicare. Also, retirees can purchase coverage for their dependents at the County's group rates. The Board of Commissioners may amend the benefits provisions. A separate report was not issued for the plan.

| Retired Employees' Years of Creditable | Date Hired | |
|---|----------------------------------|-------------------------------------|
| | Pre-July 1, 2011 | On or after July 1, 2011 |
| Less than 15 years | Not eligible for coverage | Not eligible for coverage |
| 15-30 years | Full coverage paid by the County | Coverage until Medicare eligibility |
| 30+ years | Full coverage paid by the County | Full coverage paid by the County |

Plan Membership. At June 30, 2019, the HCB Plan membership consisted of the following:

| | General Employees | Law Enforcement Officers |
|---|----------------------|-----------------------------|
| Retirees and dependents receiving benefits | 98 | 3 |
| Terminated plan members entitled to but not yet | 0 | 0 |
| Active plan members | 293 | 40 |
| Total | <u>391</u> | <u>43</u> |

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Commissioners. Dependent coverage costs must be paid in full by the retiree. 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 \$21,048,902 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 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 | 2.50 percent |
| Salary increases: | |
| General Employees | 3.50 to 7.75 percent, including inflation |
| Law Enforcement Officers | 3.5 to 7.35 percent, including inflation |
| Discount rate | 3.50 percent |
| Healthcare cost trend rates: | |
| Pre-Medicare | 7.25 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2028 |
| Medicare | 5.38 percent for 2018 decreasing to an ultimate rate of 4.75 percent by 2022 |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

g. Other Postemployment Benefits (continued)

The County selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as of the discount rate used to measure the TOL.

Changes in the Total OPEB Liability

| | |
|--|-------------------------|
| | Total OPEB Liability |
| Balances at July 1, 2019 | \$ 18,875,330 |
| Changes for the Year: | |
| Service Cost | 677,211 |
| Interest | 724,379 |
| Differences between Expected and Actual experience | 18,280 |
| Changes of assumptions or other inputs | 1,266,106 |
| Benefit payments | (512,404) |
| Net Changes | <u>2,173,572</u> |
| Balances at June 30, 2020 | <u>\$ 21,048,902</u> |

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

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

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

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

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the net 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 (2.50 percent) and 1-percentage-point higher (4.50 percent) than the current discount rate:

| | | | |
|------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | 1% Decrease (2.50 percent) | Discount Rate (3.50 Percent) | 1% Increase (4.50 Percent) |
| Total OPEB liability (asset) | \$ 24,902,226 | \$ 21,048,902 | \$ 18,020,161 |

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

| | | | |
|------------------------------|---------------|---------------|---------------|
| | 1% Decrease | Current | 1% Increase |
| Total OPEB liability (asset) | \$ 17,554,484 | \$ 21,048,902 | \$ 25,618,006 |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

2. Pension Plan and Other Postemployment Obligations (continued)

g. Other Postemployment Benefits (continued)

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$800,242. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 30,629 | \$ 1,628,485 |
| Changes of assumptions | 1,096,614 | 1,844,234 |
| Net difference between projected and actual earnings on plan investments | - | - |
| Benefit payments and administrative costs made subsequent to the measurement date | 443,292 | - |
| Total | <u>\$ 1,570,535</u> | <u>\$ 3,472,719</u> |

\$443,292 reported as deferred outflows of resources related to OPEB resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30 | |
|---------------------------|--------------|
| 2021 | \$ (694,544) |
| 2022 | (694,544) |
| 2023 | (694,544) |
| 2024 | (694,544) |
| 2025 | (694,543) |
| Thereafter | |

h. Other Employment Benefits

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

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

3. Closure and post closure care costs - Vance 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 \$970,400 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 100 percent of the total estimated capacity of the landfill. Final costs may be higher due to inflation, changes in technology, or changes in regulations. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2020.

The landfill was certified as closed in fiscal year 2000. Closure and post closure care costs will end if fiscal year 2030. The County's estimated post closure care cost liability of \$970,400 is based on estimated annual post closure care costs of \$97,040 plus 2% annual inflation, for the remaining 10 years the County is required to maintain and monitor the landfill.

The County has met the requirements of a local government financial test, one option under State and federal laws and regulations to help determine if a unit is financially able to meet closure and post-closure care requirements. The County is not currently required to fund the estimated closure costs of this facility based upon its present financial stability. However, if additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

4. Deferred Outflows and Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Pensions - difference between expected and actual experience | | |
| LGERS | \$ 992,160 | \$ - |
| Register of Deeds | - | 2,632 |
| LEOSSA | 59,323 | - |
| OPEB | 30,629 | 1,628,485 |
| Changes of assumptions | | |
| LGERS | 944,403 | - |
| Register of Deeds | - | - |
| LEOSSA | 50,916 | 28,157 |
| OPEB | 1,096,614 | 1,844,233 |
| Pensions - difference between projected and actual investment | | |
| LGERS | 141,335 | - |
| Register of Deeds | 558 | - |
| LEOSSA | - | - |
| OPEB | - | - |
| Pensions - change in proportion and difference between employer contributions and proportionate share of contributions | | |
| LGERS | 21,629 | 146,931 |
| Register of Deeds | 12,955 | 634 |
| LEOSSA | - | - |
| Contributions, benefits and admin costs paid subsequent to measurement date | | |
| LGERS | 1,225,276 | - |
| Register of Deeds | 2,917 | - |
| LEOSSA | 14,648 | - |
| Benefit payments for the OPEB plan paid subsequent to measurement date | 443,292 | - |
| Prepaid taxes not yet earned (General Fund) | - | 65,331 |
| Note receivable | | 5,700 |
| Taxes receivable, net (General) | - | 1,471,295 |
| | <u>\$ 5,036,655</u> | <u>\$ 5,193,398</u> |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

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 pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$62,529,100 for any one occurrence; general, auto, professional, law enforcement, and employment practices liability coverage of \$2 million per occurrence; cyber liability of \$1,000,000; and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, \$600,000 of aggregate of annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County's insurance policy includes shared reinsurance limits with other members of the pool as follows: (Earthquake \$5,000,000 per occurrence, Flood \$1,000,000 in Zones A and V and \$5,000,000 in zones other than A and V, and Named Storm \$50,000,000 per occurrence) There have been no losses due to flooding in previous years. 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 and the Deputy Finance Director are individually bonded for \$250,000 and \$100,00, respectively. The County Manager (\$50,000), Tax Collector (\$50,000) 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.

Vance 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 Vance 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.

Vance 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 is covered under a commercial insurance coverage carrier by Vance County, North Carolina. 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. In accordance with G.S. 159-26, the Authority's funds are bonded under a spectrum policy in which a section of the policy covers employee dishonesty up to \$10,000. The finance officer is individually bonded in the amount of \$50,000.

6. Contingent Liabilities

At June 30, 2020, the County's management and the County attorney have no knowledge of any existing outstanding material cases.

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

5. Risk Management (continued)

7. Long-term obligations

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. 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:

| | |
|---|----------------------|
| \$273,753 2016 NCDEQ DWI Drinking Water Federal Revolving Loan due in annual installments of \$13,688, interest at 0%. The final payment is due on May 1, 2036. | \$ 219,002 |
| \$5,627,000 2014 General Obligation Water Bonds due in annual installments of \$78,000 to \$244,000 June 1, 2054, interest at 3.25%. | 5,302,000 |
| \$2,196,000 Series 2015A General Obligation Water Bonds due in annual installments of \$35,000 to \$89,000 June 1, 2054, interest at 2.75%. | 2,053,000 |
| \$3,937,000 Series 2015B General Obligation Water Bonds due in annual installments of \$62,000 to \$161,000 June 1, 2054, interest at 2.75%. | 3,683,000 |
| \$212,000 Series 2018 General Obligation Water & Sewer Bonds due in annual installments of \$2,559 to \$8,338 June 1, 2058, interest at 1.875%. | 212,000 |
| | <u>\$ 11,469,002</u> |

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

| Year Ending June 30 | Governmental Activities | | Business-Type Activities | | Total |
|------------------------|-------------------------|-------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2021 | \$ - | \$ - | \$ 198,000 | \$ 334,030 | \$ 532,030 |
| 2022 | - | - | 204,000 | 328,180 | 532,180 |
| 2023 | - | - | 210,000 | 322,150 | 532,150 |
| 2024 | - | - | 215,000 | 315,940 | 530,940 |
| 2025 | - | - | 222,000 | 309,578 | 531,578 |
| 2026-2030 | - | - | 1,208,000 | 1,445,613 | 2,653,613 |
| 2031-2035 | - | - | 1,399,000 | 1,255,546 | 2,654,546 |
| 2036-2040 | - | - | 1,616,000 | 1,035,505 | 2,651,505 |
| 2041-2045 | - | - | 1,874,000 | 780,544 | 2,654,544 |
| 2046-2050 | - | - | 2,168,000 | 484,941 | 2,652,941 |
| 2051-2055 | - | - | 1,911,000 | 144,205 | 2,055,205 |
| 2056-2060 | - | - | 25,000 | 994 | 25,994 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,250,000</u> | <u>\$ 6,757,226</u> | <u>\$ 18,007,226</u> |

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

7. Long-term obligations (continued)

Capital Leases – The County has entered into agreements to lease certain equipment and vehicles. 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. The outstanding balances as of 6/30/20 are as follows:

| | |
|--|-------------------|
| An agreement was entered into on September 27, 2010 with BB&T for the lease of a 2010 E-One Fire tanker for the Fire and Ambulance Department. The agreement was for 10 annual payments of \$27,435, including interest at 2.77%. | \$ 26,695 |
| An agreement was entered into on December 15, 2010 with BB&T for the refinancing of the Kerr Lake Volunteer Fire Department’s assets for the Fire and Ambulance Department. The refinancing agreement called for 180 month payments of \$1,740, including interest at 4.09%. | 102,659 |
| An agreement was entered into February 9, 2018 for the purchase of 3 law enforcement vehicles, an ambulance and QRV. The agreement was for 16 quarterly payments of \$18,394 including interest at 2.37%. | 125,766 |
| An agreement was entered into on March 24, 2017 for the purchase of an EMS vehicle, Zoll Cardiac Monitor, and four Law Enforcement vehicles. The agreement was for 16 quarterly payments of \$21,037 each including interest at 2.03%. | 62,475 |
| An agreement was entered into on April 9, 2019 for the purchase of seven law enforcement and other department vehicles. The agreement was for 16 quarterly payments of \$17,024 each including interest at 2.98%. | 179,152 |
| Total Capital Leases | <u>\$ 496,747</u> |

At June 30, 2019 the County leased vehicles and equipment was valued as follows

| | Cost | Accumulated Depreciation | Net Book Value |
|------------------------|--------------|-----------------------------|-------------------|
| Equipment and Vehicles | \$ 2,002,638 | \$ 1,758,433 | \$ 244,205 |

For Vance County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 are as follows:

| Year Ending June 30, | Principal |
|---|------------|
| 2021 | \$ 253,092 |
| 2022 | 144,156 |
| 2023 | 71,946 |
| 2024 | 20,875 |
| 2025 | 20,875 |
| Thereafter | 10,436 |
| Total minimum lease payment | \$ 521,380 |
| Less: amounts representing interest | 24,633 |
| Present value of minimum lease payments | \$ 496,747 |

At June 30, 2020, the legal debt margin is \$218,262.

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

7. Long-term obligations (continued)

Installment Purchases – The County has several installment purchase agreements in effect at June 30, 2020. A summary of those are as follows:

Remedies on Default. Upon the continuation of any Event of Default, lender may, without any further demand or notice, exercise any one or more of the following remedies: (a) Declare the unpaid principal components of the Installment Payments immediately due and payable; (b) Proceed by appropriate court action to enforce the County's performance of the applicable covenants of this Agreement or to recover for the breach thereof; (c) As provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate; and (d) Avail itself of all available remedies under the Agreement, including execution and foreclosure, and recovery of attorneys' fees and other expenses.

On March 10, 2009, the County entered into a direct placement installment purchase contract with BB&T, with the proceeds to be used in the construction of a new elementary school building. The installment purchase contract is to be paid in 20 annual payments of \$650,000 plus semiannual interest payments of 2.81% beginning on September 1, 2009. The building and fixtures are pledged as collateral for the debt. \$ 6,500,000

On June 9, 2015, the County entered into direct placement installment purchase contract with BB&T, for jail renovation with the proceeds to be used for improvements to buildings at Vance Granville Community College totaling \$1,018,000 and to refinance a previous loan for the renovation of the County jail complex. The outstanding balance refinanced on the previous loan was \$800,000. \$980,000 of the new installment purchase contract is to be paid in 15 annual payments of \$65,000 to \$66,000 plus annual interest payments of 2.75% beginning on September 1, 2015. The remaining balance of \$838,000 will be paid in 4 annual installments of 203,000 to \$216,000 plus annual interest payments of 1.59% beginning June 1, 2016. The buildings and fixtures are pledged as collateral for the debt. 651,000

On November 12, 2003, the County entered into a QZAB direct placement installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 15 semiannual installments of \$77,487 with no interest. The buildings and fixtures are pledged as collateral for the debt. -

On November 15, 2005, the County entered into a QZAB direct placement installment purchase contract with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 16 annual installments of \$101,863 with no interest. The buildings and fixtures are pledged as collateral for the debt. 573,915

On November 9, 2010, the County entered into a QSCB direct placement installment purchase contract with BB&T, with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract is to be paid in 15 annual installments of \$261,621 plus annual interest payments of 5.09%. The buildings and fixtures are pledged as collateral for the debt. 1,569,728

On June 26, 2013, the County entered into a QZAB direct placement installment purchase contract with BB&T, with proceeds to be used for property improvements by the Vance County Board of Education. The installment purchase contract was to be paid in 15 annual installments of \$133,333 with no interest. On June 26, 2018 BB&T amended the original agreement. The amended agreement provides for the contract to be paid through annual installments of \$123,155 through June 26, 2028 with no interest. The building and fixtures are pledged as collateral for the debt. 985,237

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

7. Long-term obligations (continued)

On June 23, 2017, the County entered into a direct placement installment financing agreement with BB&T, with the proceeds to be used to finance the cost of certain improvement, repairs and renovations to certain County buildings and facilities. The installment contract is to be paid in 15 annual principal payments (7 at \$86,000 and 8 at \$87,000), plus semiannual interest payments at 2.85% beginning on September 1, 2017. The buildings and fixtures are pledged as collateral for the debt.

1,038,000

On December 22, 2016, the County entered into a \$1,703,000 direct placement installment financing agreement with USDA, with the proceeds to be used to finance the cost of the Animal Shelter. The installment contract is to be paid in 30 annual payments of \$80,024, including interest, beginning on December 22, 2017. The building and fixtures are pledged as collateral for the debt.

1,581,424

On April 12, 2019, the County entered into a \$474,851 direct placement installment financing agreement with Regions Equipment Finance Corporation (REFCO), with the proceeds to be used to finance the cost of a 2019 E-One Firetruck. The installment contract is to be paid in 36 quarterly payments of \$13,672, including interest, beginning on July 12, 2019. The vehicle is pledged as collateral for the debt. **Remedies on Default.** Upon the occurrence of any Event of Default, REFCO may exercise any one or more of the following remedies as REFCO, in its sole discretion, shall elect: (a) Declare the unpaid portion of the then outstanding principal component of the Installment Payments immediately due and payable, without notice or demand to the County; (b) Proceed by appropriate court action to enforce the performance by the County of the applicable covenants of this Contract or to recover for any breach thereof; (c) Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State and the general laws of the State with respect to the enforcement of the security interest granted or reserved hereunder and to sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the County, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition, toward the balance due under this Contract and, thereafter, to pay any remaining proceeds to the County; or (d) Pursue any other remedy available at law or equity to REFCO.

433,162

On March 30, 2020, the County entered into a \$407,989 direct placement installment financing agreement with Regions Equipment Finance Corporation (REFCO), with the proceeds to be used to finance the cost of an Ambulance and (4) 2019 Dodge Ram trucks. The installment contract is to be paid in 20 quarterly payments of \$22,300, including interest at 1.62%, beginning on June 30, 2020. The Equipment is pledged as collateral for the debt. **Remedies on Default.** Upon the occurrence of an Event of Default, and so long as such Event of Default is continuing, REFCO may, at its option, exercise any one or more of the following remedies: (a) declare all installments of the payments, payable until the end of the term of the agreement, (b) may, without demand or legal process, take possession of the Equipment with or without terminating this agreement and without any liability to the County for such repossession, and lease or sell the Equipment, (c) release or sale any and all of the Equipment at a public or private sale on such terms as it deems reasonable, (d) may require the County to furnish copies of all books and records of the County pertaining to the Equipment, and (e) may exercise any other right, remedy or privilege which may be available to it under applicable laws of the State of North Carolina or any other applicable laws including, without limitation, the rights of a secured party under the State of North Carolina Uniform Commercial Code, or proceed by appropriate court action to enforce the terms of the agreement or to recover damages for the breach of this agreement or to rescind this agreement as to any or all of the Equipment. In addition, the County will remain liable for all covenants and, to the extent permitted by applicable law, indemnities under this agreement and for all legal fees and other costs and expenses, including court costs and reasonable attorney fees, incurred by REFCO with respect to the enforcement of any of the remedies listed above or any other remedy available to REFCO.

407,989

\$ 13,740,455

Note 3 – Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

7. Long-term obligations (continued)

The total future minimum payments of the County's installment purchase obligations as of June 30, 2020, including interest of \$2,125,766 were as follows:

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

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|---------------------|
| | Principle | Interest |
| 2021 | \$ 1,481,814 | \$ 357,198 |
| 2022 | 1,463,333 | 315,803 |
| 2023 | 1,467,047 | 276,241 |
| 2024 | 1,470,844 | 236,595 |
| 2025 | 1,418,625 | 196,954 |
| 2026-2030 | 5,158,092 | 486,064 |
| 2031-2035 | 453,452 | 123,570 |
| 2036-2040 | 316,515 | 83,605 |
| 2041-2045 | 355,877 | 44,189 |
| 2046-2050 | 154,856 | 5,547 |
| | <u>\$ 13,740,455</u> | <u>\$ 2,125,766</u> |

8. Summary of Long-Term Obligations

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

| | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion of Balance |
|--|-------------------------|---------------------|---------------------|--------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| General obligation debt | \$ - | \$ - | \$ - | \$ - | \$ - |
| Direct placement Installment purchases | 14,985,894 | 407,989 | 1,653,428 | 13,740,455 | 1,481,814 |
| Capital leases | 849,896 | - | 353,149 | 496,747 | 240,850 |
| Compensated absences | 1,024,528 | 94,344 | 113,005 | 1,005,867 | - |
| Net pension liability (LGRS) | 5,198,097 | 576,672 | - | 5,774,769 | - |
| Total pension liability (LEOSSA) | 865,373 | 113,601 | - | 978,974 | - |
| Total OPEB Liability | 18,805,491 | 2,165,530 | - | 20,971,021 | - |
| Total governmental activities | <u>\$ 41,729,279</u> | <u>\$ 3,358,136</u> | <u>\$ 2,119,582</u> | <u>\$ 42,967,833</u> | <u>\$ 1,722,664</u> |
| Business-Type Activities: | | | | | |
| Accrued landfill closure and post-closure care cost | \$ 1,046,510 | \$ - | \$ 76,110 | \$ 970,400 | \$ - |
| General obligation debt | 11,670,690 | - | 201,688 | 11,469,002 | 198,000 |
| Compensated absences | 5,046 | 283 | - | 5,329 | - |
| Net pension liability (LGRS) | 17,734 | 1,967 | - | 19,701 | - |
| Total OPEB Liability | 69,839 | 8,042 | - | 77,881 | - |
| Total business-type activities | <u>\$ 12,809,819</u> | <u>\$ 10,292</u> | <u>\$ 277,798</u> | <u>\$ 12,542,313</u> | <u>\$ 198,000</u> |

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

| | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion of Balance |
|-----------------------|-------------------------|-----------------|------------------|--------------------------|-------------------------------|
| Net pension liability | \$ 80,660 | \$ 8,641 | \$ - | \$ 89,301 | \$ - |
| Compensated absences | 31,627 | - | - | 31,627 | - |
| Total OPEB Liability | 293,173 | - | 16,075 | 277,098 | - |
| Total ABC Board | <u>\$ 405,460</u> | <u>\$ 8,641</u> | <u>\$ 16,075</u> | <u>\$ 398,026</u> | <u>\$ -</u> |

Note 3 - Detail Notes on All Funds (continued)

2. LIABILITIES (continued)

8. Summary of Long-Term Obligations

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

| | Balance July 1, 2019 | Increases | Decreases | Balance June 30, 2020 | Current Portion of Balance |
|-----------------------|-------------------------|-----------|-----------|--------------------------|-------------------------------|
| Notes payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net pension liability | 15,647 | 24,045 | - | 39,692 | - |
| Compensated absences | 4,186 | 5,825 | - | 10,011 | 10,011 |
| Total OPEB Liability | 66,152 | 9,523 | - | 75,675 | - |
| Total ABC Board | \$ 85,985 | \$ 39,393 | \$ - | \$ 125,378 | \$ 10,011 |

9. Conduit Debt

Vance County Industrial Facility and Pollution Control Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2020, there were three series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$1.09 million.

3. FUND BALANCE

Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020, consist of the following:

| | |
|--|---------------------|
| From the General Fund to the Debt Service Fund to help pay debt service obligations. | \$ 291,059 |
| From the General Fund to the Revaluation fund to provide funding for future revaluation the County's tax base. | 40,600 |
| From the General Fund to the School Capital Reserve Fund to cover capital expenditures for school facility improvements - restricted portion of sales tax. | 2,127,740 |
| From the General Fund to the General Capital Reserve Fund to provide funding for maintenance and special projects. | 653,423 |
| From the General Fund to the Water Fund to provide funding to cover operating deficit. | 19,334 |
| From the General Fund to the Solid Waste Fund for budgeted transfers. | 673 |
| From the ETS Wireless Fund to the General Fund for salary and benefits for one position. | 55,885 |
| From the Facility Fee Fund to the General Fund to cover costs of Courthouse operations. | 45,523 |
| From the Fire District Fund to the General Fund for administrative services, paid volunteers, VCFD fire tax allocations. | 135,900 |
| From the School Capital Reserve Fund to the General Fund for school capital outlay budgeted for FY 2020. | 807,000 |
| From the School Capital Reserve Fund to the Debt Service Schools Fund for debt repayment. | 1,421,396 |
| Total Interfund Transfers | <u>\$ 5,598,533</u> |

Note 3 - Detail Notes on All Funds (continued)

3. FUND BALANCE (continued)

Balances due to/from other funds as of June 30, 2020, consist of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------|---------------------------------|---------------|
| General Fund | Neighborhood Stabilization Fund | \$ 65,489 |
| General Fund | Economic Development Fund | 791,302 |
| General Fund | Facility Fees Fund | 1,910 |
| Total Due to/from Other Funds | | \$ 858,701 |

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.

Vance 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 at June 30, 2020:

| | |
|--|---------------|
| Total fund balance- General Fund | \$ 22,030,420 |
| Less: | |
| Stabilization by state statute | 4,635,479 |
| Restricted for revaluation | 335,515 |
| Restricted for facility improvements | 1,858 |
| Committed for LEOSSA and OPEB benefits | 311,528 |
| Committed for animal shelter | 23,978 |
| Appropriated Fund Balance in 2020 budget | 1,330,356 |
| Remaining Fund Balance | \$ 15,391,706 |

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

| <u>Encumbrances</u> | <u>General Fund</u> |
|---------------------|---------------------|
| | 67,561 |

Note 4 - Joint Ventures

The Granville-Vance Health District is a district based board of health established under North Carolina General Statute 130A by both Granville County and Vance County to provide public health services. The joint venture is governed by a sixteen-member Board, which is composed of one County Commissioner from each of the two counties; and seven other members appointed by each of the two respective Boards of County Commissioners. The County contributed \$730,000 to the Health District 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 financial statements at June 30, 2020. Complete financial statements for the Health District can be obtained from the Health District's administrative offices at 101 Hunt Drive, Oxford, NC 27565.

Cardinal Innovative Healthcare Solutions was established to provide mental health services for five counties: Vance, Warren, Granville, Franklin, and Halifax. Each county has one board member on the Cardinal Innovative Healthcare Solutions Authority Board, but none individually has authority to designate management. The County contributed \$175,600.00 to the Authority 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 financial statements at June 30, 2020. Complete financial statements for the Five County Mental Health Authority can be obtained from their administrative offices.

Note 4 - Joint Ventures (continued)

The County in conjunction with Granville County, Warren County, Franklin County, the State of North Carolina, and the Boards of Education of Vance, Granville, Warren, and Franklin Counties, participates in a joint venture to operate Vance-Granville Community College. Each participant appoints members of the thirteen-member board of trustees of the Community College. No participant appoints a majority. 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 \$1,149,698 and \$41,220 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2020. In addition, the County made debt service payments of \$83,903 during the fiscal year on installment purchase obligations issued for community college capital facilities. 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 P.O. Box 918, Henderson, NC 27536.

The Kerr Area Rural Transportation Authority (KARTS) is an association of five county governments, including Vance County. Karts is a joint venture of the participating counties for the purpose of providing a safe, adequate, and convenient transportation system for the jurisdictional area creating the Authority and its immediate environs. The counties served by KARTS, in addition to Vance County, are Granville, Franklin, Warren, and Person. General support of KARTS is provided by Federal, State, and local grants and user fees. Each county appoints two members of the Authority's managing body and this governing body determines the budget and financing requirements of the Authority. The criteria in NCGA Statement 3 were applied to the Authority, and while there were positive responses to some of the criteria, it was determined the County did not have significant influence over the Authority to justify inclusion of the Authority as part of the County reporting entity. The County contributed \$ 175,303 to KARTS 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 financial statements at June 30, 2020. Complete financial statements for KARTS can be obtained from their administrative offices.

Note 5- Jointly Governed Organization

The County has joined with four other counties and fifteen municipalities in the area to establish the Kerr-Tar Regional 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 \$18,850 to the Council during the fiscal year ended June 30, 2020. The County has no equity interest in the Council.

Note 6- Summary Disclosure of Significant Commitments and Contingencies

Unemployment Taxes

The County has elected to pay direct costs of employment security benefits in lieu of employment security taxes on payroll. A liability for benefit payments could accrue in the year following discharge of employees.

Economic Incentives

During the fiscal year ended June 30, 2020, Vance County negotiated an economic incentive to open broadband service throughout the county over the next 4 years. In the fall of 2020 the first tower was placed on the water tower in Kittrell, customers have not been able to sign up, but should be able to by spring of 2021.

**REQUIRED
SUPPLEMENTAL FINANCIAL DATA**

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

- ~ Schedule of County's Proportionate Share of Net Pension Liability (Asset) for (LGERS)
- ~ Schedule of County Contributions (LGERS)
- ~ Schedule of County's Proportionate Share of Net Pension Asset Register of Deeds'
- ~ Schedule of County Contributions Register of Deeds' Supplemental Pension Fund
- ~Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance.
- ~ Schedule of Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance.
- ~Schedule of Changes in the Total OPEB Liability and Related Ratios

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

| Local Government Employees' Retirement System | | | | | | | |
|--|---------------|--------------|---------------|--------------|---------------|----------------|--------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| County's proportion of the net pension liability (asset) (%) | 0.21218% | 0.21986% | 0.21724% | 0.20088% | 0.20260% | 0.20307% | 0.21170% |
| County's proportion of the net pension liability (asset) (\$) | \$ 5,794,470 | \$ 5,215,831 | \$ 3,318,825 | \$ 4,263,347 | \$ 909,257 | \$ (1,197,597) | \$ 2,551,798 |
| County's covered payroll | \$ 13,534,969 | \$13,256,124 | \$ 12,457,196 | \$11,843,244 | \$ 11,883,802 | \$ 11,508,246 | \$11,508,426 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 42.81% | 39.35% | 26.64% | 36.00% | 7.65% | -10.41% | 22.17% |
| Plan fiduciary net position as a percentage of the total pension | 90.86% | 92.00% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

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

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

This schedule will not present 10 years' worth of information until fiscal year 2023.

Vance County, North Carolina
Schedule of County Contributions
Local Government Employees' Retirement System
Last Seven Fiscal Years

| Local Government Employees' Retirement System | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 1,225,276 | \$ 1,070,611 | \$ 985,875 | \$ 792,557 | \$ 795,724 | \$ 844,790 | \$ 813,633 |
| Contributions in relation to the contractually required contribution | 1,225,276 | 1,070,611 | 985,875 | 792,557 | 795,724 | 844,790 | 813,633 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| County's covered payroll | \$ 13,250,221 | \$ 13,534,969 | \$ 13,256,124 | \$ 12,457,196 | \$ 11,843,244 | \$ 11,883,802 | \$ 11,508,246 |
| Contributions as a percentage of covered-employee payroll | 9.25% | 7.91% | 7.44% | 6.36% | 6.72% | 7.11% | 7.07% |

* Information is not required to be presented retroactively.

This schedule will not present 10 years' worth of information until fiscal year 2023.

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

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| County's proportionate share of the net pension liability (%) | 0.2764% | 0.3547% | 0.3568% | 0.3612% | 0.37046 | 0.381% | 0.350% |
| County's proportionate share of the net pension liability (\$) | \$(54,571) | \$(60,551) | \$ (60,899) | \$ (67,524) | \$ (85,850) | \$ (86,355) | \$ (74,850) |
| Plan fiduciary net position as a percentage of the total pension liability ** | 153.31% | 153.77% | 160.17% | 197.29% | 193.88% | 190.50% | 188.75% |

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

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

This schedule will NOT present 10 years' worth of information until fiscal year 2023.

Vance County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Seven Fiscal Years*

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| County's required contribution | \$ 2,917 | \$ 4,871 | \$ 4,248 | \$ 4,123 | \$ 2,951 | \$ 2,964 | \$ 3,111 |
| Contributions in relation to contractually required contribution | <u>2,917</u> | <u>4,871</u> | <u>4,248</u> | <u>4,123</u> | <u>2,951</u> | <u>2,964</u> | <u>3,111</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* Information is not required to be presented retroactively.

This schedule will not present 10 years' worth of information until fiscal year 2023.

Vance County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Beginning Balance | \$ 865,373 | \$ 860,596 | \$ 745,443 | \$ 728,452 |
| Service Cost | 43,953 | 41,506 | 35,825 | 35,498 |
| Interest on the total pension liability | 31,023 | 26,504 | 27,884 | 25,524 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension | 36,274 | 14,105 | 41,296 | - |
| Changes of assumptions or other inputs | 28,518 | (33,631) | 56,288 | (17,044) |
| Benefit payments | (26,167) | (43,707) | (46,140) | (26,987) |
| Other changes | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 978,974</u> | <u>\$ 865,373</u> | <u>\$ 860,596</u> | <u>\$ 745,443</u> |

The amounts presented for each fiscal year were

* Information is not required to be presented retroactively.

This schedule will not present 10 years' worth of information until fiscal year 2026.

Vance County, North Carolina
Schedule of Changes in Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| Total pension liability | \$ 978,974 | \$ 865,373 | \$ 860,596 | \$ 745,443 |
| Covered payroll | 1,888,184 | 1,601,700 | 1,421,180 | 1,300,214 |
| Total pension liability as a percentage of covered payroll | 51.85% | 54.03% | 60.56% | 57.33% |

Notes to the schedules:

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

* Information is not required to be presented retroactively.

This schedule will not present 10 years' worth of information until fiscal year 2026.

Vance County, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
Healthcare Benefits Plan
For the Year Ended June 30, 2020

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service cost | \$ 677,211 | \$ 794,652 | \$ 900,386 |
| Interest | 724,379 | 738,161 | 655,838 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience | 18,280 | (2,223,909) | 25,782 |
| Changes of assumptions | 1,266,106 | (890,254) | (2,077,733) |
| Benefit payments | (512,404) | (551,531) | (565,191) |
| Net change in total OPEB liability | <u>2,173,572</u> | <u>(2,132,881)</u> | <u>(1,060,918)</u> |
| Total OPEB liability - beginning | 18,875,330 | 21,008,211 | 22,069,129 |
| Total OPEB liability - ending | <u>\$ 21,048,902</u> | <u>\$ 18,875,330</u> | <u>\$ 21,008,211</u> |
| | | | |
| Covered payroll | \$ 12,171,656 | \$ 12,171,653 | \$ 10,700,818 |
| Total OPEB liability as a percentage of | 172.93% | 155.08% | 196.32% |

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

| <u>Fiscal Year</u> | <u>Rate</u> |
|--------------------|-------------|
| 2020 | 3.50% |
| 2019 | 3.89% |
| 2018 | 3.56% |

GENERAL FUND

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

Vance County, North Carolina
 General Fund
 Combining Balance Sheet
 For the Fiscal Year Ended June 30, 2020

| | General Fund | Revaluation Fund | Debt Service Fund | School Debt Fund | Facility Fees Fund | LEOSSA Pension Fund | Totals June 30, 2020 |
|---|----------------------|-------------------|-------------------|------------------|--------------------|---------------------|----------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 18,633,087 | \$ - | \$ 541 | \$ - | \$ - | \$ 311,528 | \$ 18,945,156 |
| Restricted Cash | 23,978 | 335,515 | - | - | - | - | 359,493 |
| Receivables: | | | | | | | |
| Property Tax | 1,387,539 | - | - | - | - | - | 1,387,539 |
| Accounts receivable | 3,382,114 | - | - | - | 3,170 | - | 3,385,284 |
| Due from other governments | 323,335 | - | - | - | 598 | - | 323,933 |
| Due from other funds | 858,701 | - | - | - | - | - | 858,701 |
| Total assets | <u>24,608,754</u> | <u>335,515</u> | <u>541</u> | <u>-</u> | <u>3,768</u> | <u>311,528</u> | <u>25,260,106</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Due to other funds | - | - | - | - | 1,910 | - | 1,910 |
| Accounts payable and accrued liabilities | 1,257,271 | - | - | - | - | - | 1,257,271 |
| Unspent Grant Proceeds | 497,623 | - | - | - | - | - | 497,623 |
| Due to other governments | 20,012 | - | - | - | - | - | 20,012 |
| Total liabilities | <u>1,774,906</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,910</u> | <u>-</u> | <u>1,776,816</u> |
| Deferred inflows of resources | | | | | | | |
| Prepaid taxes | 65,331 | - | - | - | - | - | 65,331 |
| Reserve for taxes receivable | 1,387,539 | - | - | - | - | - | 1,387,539 |
| Total deferred inflows of resources | <u>1,452,870</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,452,870</u> |
| Fund balances: | | | | | | | |
| Restricted | | | | | | | |
| Stabilization by state statute | 4,631,711 | - | - | - | 3,768 | - | 4,635,479 |
| Tax revaluation | - | 335,515 | - | - | - | - | 335,515 |
| Facility improvements | - | - | - | - | 1,858 | - | 1,858 |
| Committed | | | | | | | |
| LEO SSA Pension and OPEB benefits | - | - | - | - | - | 311,528 | 311,528 |
| Animal Shelter Reserve | 23,978 | - | - | - | - | - | 23,978 |
| Assigned | | | | | | | |
| Subsequent years' expenditures | - | - | - | - | - | - | - |
| Unassigned | 16,725,289 | - | 541 | - | (3,768) | - | 16,722,062 |
| Total fund balances | <u>21,380,978</u> | <u>335,515</u> | <u>541</u> | <u>-</u> | <u>1,858</u> | <u>311,528</u> | <u>22,030,420</u> |
| Total liabilities, deferred inflows of resources, and fund balances | \$ <u>24,608,754</u> | \$ <u>335,515</u> | \$ <u>541</u> | \$ <u>-</u> | \$ <u>3,768</u> | \$ <u>311,528</u> | \$ <u>25,260,106</u> |

**Vance County, North Carolina
General Fund
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020**

| | General Fund | Revaluation Reserve Fund | Debt Service Fund | School Debt Service Fund | Facility Fees Fund | LEOSSA Pension Fund | Totals June 30, 2020 |
|--|----------------------|--------------------------|-------------------|--------------------------|--------------------|---------------------|----------------------|
| Revenues | | | | | | | |
| Ad valorem taxes | \$ 24,966,370 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,966,370 |
| Local option | 9,643,439 | - | - | - | - | - | 9,643,439 |
| Other taxes and licenses | 55,591 | - | - | - | - | - | 55,591 |
| Unrestricted intergovernmental | 531,502 | - | - | - | - | - | 531,502 |
| Restricted intergovernmental | 8,008,723 | - | - | - | 65,302 | - | 8,074,025 |
| Sales service | 3,453,367 | - | - | - | 74 | - | 3,453,367 |
| Investment earnings | 189,557 | 4,285 | 507 | - | - | 4,526 | 198,949 |
| Miscellaneous other | 516,577 | - | - | - | - | - | 516,577 |
| Total revenues | 47,365,126 | 4,285 | 507 | - | 65,376 | 4,526 | 47,439,820 |
| Expenditures | | | | | | | |
| General Government | 4,684,336 | - | - | - | 19,853 | - | 4,704,189 |
| Public safety | 14,351,920 | - | - | - | - | - | 14,351,920 |
| Transportation | 28,750 | - | - | - | - | - | 28,750 |
| Environmental protection | 10,890 | - | - | - | - | - | 10,890 |
| Economic and community development | 1,095,317 | - | - | - | - | - | 1,095,317 |
| Human services | 10,934,629 | - | - | - | - | - | 10,934,629 |
| Cultural and recreational | 1,925,402 | - | - | - | - | - | 1,925,402 |
| Education | 10,432,257 | - | - | - | - | - | 10,432,257 |
| Debt Services | | | | | | | |
| Principal | 376,522 | - | 202,482 | 1,136,879 | - | - | 1,715,883 |
| Interest and fees | 65,917 | - | 89,084 | 284,517 | - | - | 439,518 |
| Total expenditures | 43,905,940 | - | 291,566 | 1,421,396 | 19,853 | - | 45,638,755 |
| Revenues over (under) expenditures | 3,459,186 | 4,285 | (291,059) | (1,421,396) | 45,523 | 4,526 | 1,801,065 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 1,044,308 | 40,600 | 291,059 | 1,421,396 | - | - | 2,797,363 |
| Transfers out | (3,133,473) | - | - | - | (45,523) | - | (3,178,996) |
| Proceeds from lease obligations | 407,989 | - | - | - | - | - | 407,989 |
| Proceeds from refinancing of animal shelter | - | - | - | - | - | - | - |
| Payoff of interim animal shelter financing | - | - | - | - | - | - | - |
| Sales of fixed assets | 53,891 | - | - | - | - | - | 53,891 |
| Total other financing sources (uses) | (1,627,285) | 40,600 | 291,059 | 1,421,396 | (45,523) | - | 80,247 |
| Revenues and other financing sources over (under) expenditures and other financing uses | 1,831,901 | 44,885 | - | - | - | 4,526 | 1,881,312 |
| Fund balances, beginning | 19,549,077 | 290,630 | 541 | - | 1,858 | 307,002 | 20,149,108 |
| Prior period adjustment (See Note 9) | - | - | - | - | - | - | - |
| Fund balances, ending | \$ 21,380,978 | \$ 335,515 | \$ 541 | \$ - | \$ 1,858 | \$ 311,528 | \$ 22,030,420 |

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

| | 2020 | | Variance Positive (Negative) |
|--------------------------------------|-------------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Revenues | | | |
| Ad Valorem taxes | | | |
| Taxes | \$ 24,579,024 | \$ 24,782,844 | \$ 203,820 |
| Penalties and interest | 178,000 | 183,526 | 5,526 |
| Total | <u>24,757,024</u> | <u>24,966,370</u> | <u>209,346</u> |
| Local option sales tax | | | |
| Article 39 one percent | 4,546,455 | 4,538,207 | (8,248) |
| Article 40 one - half of one percent | 2,877,101 | 2,529,989 | (347,112) |
| Article 42 one - half of one percent | 2,432,458 | 2,575,243 | 142,785 |
| Hold Harmless | (768,442) | - | 768,442 |
| Total | <u>9,087,572</u> | <u>9,643,439</u> | <u>555,867</u> |
| Other taxes and licenses | | | |
| Real estate transfer tax | 24,750 | 25,720 | 970 |
| Motor Vehicle rental tax | 30,000 | 27,777 | (2,223) |
| Privilege licenses | 3,000 | 2,094 | (906) |
| Total | <u>57,750</u> | <u>55,591</u> | <u>(2,159)</u> |
| Unrestricted intergovernmental | | | |
| Beer and wine tax | 130,000 | 131,071 | 1,071 |
| ABC Distribution | 70,000 | 284,374 | 214,374 |
| Video franchise fees | 122,000 | 116,057 | (5,943) |
| Total | <u>322,000</u> | <u>531,502</u> | <u>209,502</u> |
| Restricted intergovernmental | | | |
| Federal, State, and local grants | 7,322,801 | 6,457,528 | (865,273) |
| H.L. Perry Library | - | 590,283 | 590,283 |
| Vance County Housing Authority | - | 269,490 | 269,490 |
| 911 fees | 711,490 | 665,180 | (46,310) |
| ABC bottle tax | 20,000 | 26,242 | 6,242 |
| Total | <u>8,054,291</u> | <u>8,008,723</u> | <u>(45,568)</u> |

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

| | 2020 | | Variance Positive (Negative) |
|---|-------------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Sales and services | | | |
| Animal Shelter | 66,297 | 96,961 | 30,664 |
| 4H service | 17,000 | 15,233 | (1,767) |
| DSS local fees | 68,100 | 32,180 | (35,920) |
| City of Henderson- tax collections fees | 175,038 | 162,839 | (12,199) |
| Elections | 78,801 | 48,544 | (30,257) |
| Rent | 26,500 | 28,253 | 1,753 |
| Sale of maps and ordinance | 50 | - | (50) |
| Fire incident billing reimbursement | 8,500 | 466 | (8,034) |
| Law enforcement fees | 560,925 | 474,529 | (86,396) |
| Jail fees | 298,200 | 374,208 | 76,008 |
| Ambulance fees | 1,725,000 | 1,602,073 | (122,927) |
| Register of deeds | 259,896 | 272,056 | 12,160 |
| Inspection fees | 320,000 | 280,612 | (39,388) |
| Tax foreclosure fees | 20,000 | 39,549 | 19,549 |
| Vance County TDA fees | 26,000 | 25,864 | (136) |
| Total | <u>3,650,307</u> | <u>3,453,367</u> | <u>(196,940)</u> |
| Investment earnings | 20,000 | 189,557 | 169,557 |
| Total | <u>20,000</u> | <u>189,557</u> | <u>169,557</u> |
| Miscellaneous: | | | |
| Fines | 400 | 300 | (100) |
| Other revenues | 69,720 | 516,277 | 446,557 |
| Total | <u>70,120</u> | <u>516,577</u> | <u>446,457</u> |
| Total revenues | <u>46,019,064</u> | <u>47,365,126</u> | <u>1,346,062</u> |
| Expenditures | | | |
| General Government: | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 115,618 | |
| Other operating expenditures | | 179,065 | |
| Total | <u>294,683</u> | <u>294,683</u> | <u>-</u> |
| Administration and finance: | | | |
| Salaries and employee benefits | | 798,249 | |
| Other operating expenditures | | 83,968 | |
| Capital outlay | | 7,250 | |
| Total | <u>945,232</u> | <u>889,467</u> | <u>55,765</u> |

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

| | 2020 | | Variance Positive (Negative) |
|--------------------------------|-----------|-----------|------------------------------------|
| | Budget | Actual | |
| Elections: | | | |
| Salaries and employee benefits | | 175,599 | |
| Other operating expenditures | | 102,021 | |
| Total | 312,177 | 277,620 | 34,557 |
| Taxes: | | | |
| Salaries and employee benefits | | 518,755 | |
| Other operating expenditures | | 234,271 | |
| Capital Outlay | | - | |
| Total | 753,026 | 753,026 | - |
| County Attorney: | | | |
| Contracted Services | | 39,334 | |
| Capital outlay | | - | |
| Total | 67,300 | 39,334 | 27,966 |
| Court facilities: | | | |
| Salaries and employee benefits | | 184,246 | |
| Other operating expenditures | | 205,023 | |
| Capital outlay | - | - | |
| Total | 409,717 | 389,269 | 20,448 |
| Register of deeds: | | | |
| Salaries and employee benefits | | 212,617 | |
| Other operating expenditures | | 76,381 | |
| Total | 298,487 | 288,998 | 9,489 |
| Public Buildings | | | |
| Salaries and employee benefits | | 178,382 | |
| Other operating expenditures | | 409,738 | |
| Capital Outlay | | 114,066 | |
| Total | 844,815 | 702,186 | 142,629 |
| Central Services | | | |
| Salaries and employee benefits | | 6,504 | |
| Other operating expenditures | | 66,997 | |
| Capital Outlay | | 202,127 | |
| Retiree health insurance | | 457,347 | |
| Total | 910,947 | 732,975 | 177,972 |
| Management Information Systems | | | |
| Salaries and employee benefits | | 223,163 | |
| Other operating expenditures | | 59,817 | |
| Capital outlay | | 33,798 | |
| Total | 325,685 | 316,778 | 8,907 |
| Total General Government | 5,162,069 | 4,684,336 | 477,733 |

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

| | 2020 | | Variance Positive (Negative) |
|--------------------------------|-----------|-----------|------------------------------------|
| | Budget | Actual | |
| Public safety: | | | |
| Sheriff: | | | |
| Salaries and employee benefits | | 3,458,520 | |
| Other operating expenditures | | 556,318 | |
| Capital outlay | | 464,554 | |
| Total | 5,039,834 | 4,479,392 | 560,442 |
| Jail: | | | |
| Salaries and employee benefits | | 2,332,206 | |
| Other operating expenditures | | 1,637,684 | |
| Total | 3,971,557 | 3,969,890 | 1,667 |
| Sheriff's interdiction program | | | |
| Other operating expenditures | | 15,819 | |
| Total | 18,000 | 15,819 | 2,181 |
| Fire and ambulance | | | |
| Salaries and employee benefits | | 2,663,455 | |
| Other operating expenditures | | 859,054 | |
| Capital outlay | | 250,014 | |
| Total | 4,143,698 | 3,772,523 | 371,175 |
| E911 communications | | | |
| Salaries and employee benefits | | 1,279,040 | |
| Other operating expenditures | | 182,211 | |
| Capital outlay | | - | |
| Total | 1,511,410 | 1,461,251 | 50,159 |
| Animal control: | | | |
| Salaries and employee benefits | | 290,136 | |
| Other operating expenditures | | 170,332 | |
| Capital outlay | | 52,852 | |
| Total | 537,030 | 513,320 | 23,710 |
| Rescue squad | | | |
| Contracted services | | 101,375 | |
| Total | 101,375 | 101,375 | - |
| Medical examiner | | | |
| Contracted services | | 34,350 | |
| Total | 50,000 | 34,350 | 15,650 |
| Crime stoppers | | | |
| Other operating expenditures | | - | - |
| Total | 500 | - | 500 |

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

| | 2020 | | Variance Positive (Negative) |
|--|------------|------------|------------------------------------|
| | Budget | Actual | |
| Beaver management | | | |
| Other operating expenditures | | 4,000 | |
| Total | 4,000 | 4,000 | - |
| | | | |
| Total public safety | 15,377,404 | 14,351,920 | 1,025,484 |
| | | | |
| Transportation | | | |
| Contribution to regional airport | | 28,750 | |
| | 28,750 | 28,750 | - |
| | | | |
| Environmental Protection | | | |
| Demolitions and removals | | 10,890 | |
| | 30,000 | 10,890 | 19,110 |
| | | | |
| Economic and Community Development: | | | |
| Economic development: | | | |
| Salaries and employee benefits | | 145,792 | |
| Other operating expenditures | | 61,532 | |
| | 208,084 | 207,324 | 760 |
| | | | |
| Soil and water conservation: | | | |
| Salaries and employee benefits | | 105,147 | |
| Other operating expenditures | | 35,061 | |
| | 141,440 | 140,208 | 1,232 |
| | | | |
| Planning: | | | |
| Salaries and employee benefits | | 412,345 | |
| Other operating expenditures | | 62,735 | |
| Total | 574,568 | 503,329 | 71,239 |
| | | | |
| Contributions to other agencies: | | | |
| Kerr Tar Regional COG membership dues | | 18,851 | |
| Economic Development Commission | | 38,000 | |
| Various other agencies | | 2,883 | |
| Total | 62,174 | 59,734 | 2,440 |
| | | | |
| Farmers Market | | | |
| Salaries and employee benefits | | 15,944 | |
| Other operating expenditures | | 16,445 | |
| Total | 32,409 | 32,389 | 20 |
| | | | |
| Cooperative extensions: | | | |
| Salaries and employee benefits | | 3,742 | |
| Other operating expenditures | | 31,871 | |
| Capital outlay | | 116,720 | |
| Total | 179,412 | 152,333 | 27,079 |

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

| | 2020 | | Variance Positive (Negative) |
|---|-----------|-----------|------------------------------------|
| | Budget | Actual | |
| Total Economic and Physical Development | 1,198,087 | 1,095,317 | 102,770 |
| Human Services: | | | |
| Health: | | | |
| Administration: | | | |
| Other operating expenditures | | 12,736 | |
| Contracted Services- GVHD | | 730,000 | |
| Capital outlay | | - | |
| Total | 742,736 | 742,736 | - |
| Mental health: | | | |
| Administration: | | | |
| Other operating expenditures | | 309,093 | |
| Total | 309,551 | 309,093 | 458 |
| Social services: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 5,493,556 | |
| Other operating expenditures | | 2,173,587 | |
| Public assistance payments | | 318,014 | |
| Work First assistance payments | | 205,957 | |
| Day Care assistance payments | | - | |
| Total | 9,373,904 | 8,191,114 | 1,182,790 |
| Aging services: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 479,858 | |
| Other operating expenditures | | 176,092 | |
| Total | 718,111 | 655,950 | 62,161 |
| Nutritional meals: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 10,725 | |
| Other operating expenditures | | 42,611 | |
| Purchased meals | | 73,823 | |
| Total | 127,223 | 127,159 | 64 |
| Smart Start: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 48,968 | |
| Contracted services | | 8,760 | |
| Operating expenditures | | 10,322 | |
| Total | 76,074 | 68,050 | 8,024 |

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

| | 2020 | | Variance Positive (Negative) |
|---|------------|------------|------------------------------------|
| | Budget | Actual | |
| Veterans services: | | | |
| Salaries and employee benefits | | 112,715 | |
| Other operating expenditures | | 7,286 | |
| Total | 123,387 | 120,001 | 3,386 |
| Vance County Housing Authority: | | | |
| Salaries and employee benefits | | 258,178 | |
| Other operating expenditures | | - | |
| Total | 259,000 | 258,178 | 822 |
| NYPUM Program: | | | |
| Contracted Services | | 128,444 | |
| Operating expenditures | | 15,682 | |
| Total | 159,381 | 144,126 | 15,255 |
| Pal-to-Pal Program: | | | |
| Contracted services | | 47,807 | |
| Operating expenditures | | 15,098 | |
| Total | 79,131 | 62,905 | 16,226 |
| Other Human Services Contributions: | | | |
| Lifeline | 2,000 | - | 2,000 |
| FVW Opportunities | 12,000 | 12,000 | - |
| K.A.R.T.S. | 121,028 | 78,931 | 42,097 |
| Central Children's Home | - | - | - |
| Smart Start | 5,500 | 5,500 | - |
| Boys and Girls Club | 27,000 | 27,000 | - |
| JCPC | 27,111 | 42,992 | (15,881) |
| KWA Financial Asst | - | - | - |
| Other contributions | 209,238 | 88,894 | 120,344 |
| Total | 403,877 | 255,317 | 148,560 |
| Total Human Services | 12,372,375 | 10,934,629 | 1,437,746 |
| Cultural and recreational: | | | |
| Recreation: | | | |
| Operating expenditures- City of Henderson | 731,610 | 649,873 | 81,737 |
| Arts Council: | | | |
| Operating expenditures | 2,000 | 2,000 | - |
| Libraries | | | |
| Salaries and employee benefits | - | 589,029 | (589,029) |
| Contribution to regional library | - | 684,500 | (684,500) |
| Total | 1,274,500 | 1,273,529 | 971 |
| Total cultural and recreational | 2,008,110 | 1,925,402 | 82,708 |

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

| | 2020 | | Variance Positive (Negative) |
|--|--------------------|----------------------|------------------------------------|
| | Budget | Actual | |
| Education: | | | |
| Public schools- current | 8,432,440 | 8,432,440 | - |
| Public schools- capital outlay | 1,029,250 | 807,000 | 222,250 |
| Community colleges- current | 1,151,597 | 1,151,597 | - |
| Community colleges-capital outlay | 41,220 | 41,220 | - |
| Total Education | <u>10,654,507</u> | <u>10,432,257</u> | <u>222,250</u> |
| Debt service: | | | |
| Debt principal | 442,396 | 376,522 | 65,874 |
| Interest and fees | 46,619 | 65,917 | (19,298) |
| Total debt service | <u>489,015</u> | <u>442,439</u> | <u>46,576</u> |
| Total expenditures | <u>47,320,317</u> | <u>43,905,940</u> | <u>3,414,377</u> |
| Revenue over (under) expenditures | <u>(1,301,253)</u> | <u>3,459,186</u> | <u>4,760,439</u> |
| Other Financing Sources (Uses): | | | |
| Transfers to other funds | (3,429,469) | (3,133,473) | 295,996 |
| Transfers from other funds | 1,279,865 | 1,044,308 | (235,557) |
| Total operating transfers | <u>(2,149,604)</u> | <u>(2,089,165)</u> | <u>60,439</u> |
| Proceeds from lease obligation | 663,124 | 407,989 | (255,135) |
| Sale of fixed assets | 43,000 | 53,891 | 10,891 |
| Contingency | (12,553) | - | 12,553 |
| Appropriated fund balance | 2,757,286 | - | (2,757,286) |
| Total other financing sources (uses) | <u>1,301,253</u> | <u>(1,627,285)</u> | <u>(2,928,538)</u> |
| Net change in fund balance | \$ <u>-</u> | 1,831,901 | \$ <u>1,831,901</u> |
| Fund balance, beginning | | 19,549,077 | |
| Prior period adjustment (See Note 9) | | <u>-</u> | |
| Fund balance, ending | | <u>\$ 21,380,978</u> | |

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

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---|------------------|-------------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ 5,500 | \$ 4,285 | \$ (1,215) |
| Total revenues | <u>5,500</u> | <u>4,285</u> | <u>(1,215)</u> |
| Expenditures | | | |
| General Government | | | |
| Tax revaluation | <u>336,700</u> | <u>-</u> | <u>336,700</u> |
| Total Expenditures | <u>336,700</u> | <u>-</u> | <u>336,700</u> |
| Revenue over (under) expenditures | <u>(331,200)</u> | <u>4,285</u> | <u>335,485</u> |
| Other Financing Sources (Uses) | | | |
| Transfer from General Fund | 40,600 | 40,600 | - |
| Fund Balance Appropriated | <u>290,600</u> | <u>-</u> | <u>(290,600)</u> |
| Total other financing sources | <u>331,200</u> | <u>40,600</u> | <u>(290,600)</u> |
| Revenues and appropriated fund balance over (under) expenditures | <u>\$ -</u> | 44,885 | <u>\$ 44,885</u> |
| Fund balance, beginning | | <u>290,630</u> | |
| Fund balance, ending | | <u>\$ 335,515</u> | |

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

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Revenues | | | |
| Investment earnings | \$ 700 | \$ 507 | \$ (193) |
| Total revenues | <u>700</u> | <u>507</u> | <u>(193)</u> |
| Expenditures | | | |
| Debt Service | | | |
| Principal retirement | 202,484 | 202,482 | 2 |
| Interest and fees | 89,085 | 89,084 | 1 |
| Total Expenditures | <u>291,569</u> | <u>291,566</u> | <u>3</u> |
| Revenue over (under) expenditures | <u>(290,869)</u> | <u>(291,059)</u> | <u>(190)</u> |
| Other Financing Sources (Uses) | | | |
| Transfer from General Fund | 290,869 | 291,059 | 190 |
| Transfer to General Fund | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources | <u>290,869</u> | <u>291,059</u> | <u>190</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | <u>541</u> | |
| Fund balance, ending | | <u>\$ 541</u> | |

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

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---|--------------------|--------------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ - | \$ - | \$ - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | |
| Debt Service | | | |
| Principal retirement | 1,136,641 | 1,136,879 | (238) |
| Interest and fees | 284,999 | 284,517 | 482 |
| Total Expenditures | <u>1,421,640</u> | <u>1,421,396</u> | <u>244</u> |
| Revenue over (under) expenditures | <u>(1,421,640)</u> | <u>(1,421,396)</u> | <u>244</u> |
| Other Financing Sources (Uses) | | | |
| Transfer from General Fund | <u>1,421,640</u> | <u>1,421,396</u> | <u>(244)</u> |
| Total other financing sources | <u>1,421,640</u> | <u>1,421,396</u> | <u>(244)</u> |
| Revenues and appropriated fund balance over (under) expenditures | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> | \$ <u><u>-</u></u> |
| Fund balance, beginning | | <u>-</u> | |
| Fund balance, ending | | \$ <u><u>-</u></u> | |

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

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|-----------------|-----------------|------------------------------------|
| Revenues | | | |
| Restricted intergovernmental | \$ 80,000 | \$ 65,302 | \$ (14,698) |
| Investment earnings | 90 | 74 | (16) |
| Total revenues | <u>80,090</u> | <u>65,376</u> | <u>(14,714)</u> |
| Expenditures | | | |
| General Government | | | |
| Courthouse facility fees | 21,525 | 19,853 | 1,672 |
| Total Expenditures | <u>21,525</u> | <u>19,853</u> | <u>1,672</u> |
| Revenue over (under) expenditures | <u>58,565</u> | <u>45,523</u> | <u>(13,042)</u> |
| Other Financing Sources (Uses) | | | |
| Transfer to General Fund | <u>(58,565)</u> | <u>(45,523)</u> | <u>13,042</u> |
| Total other financing sources | <u>(58,565)</u> | <u>(45,523)</u> | <u>13,042</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Fund balance, beginning | | <u>1,858</u> | |
| Fund balance, ending | | <u>\$ 1,858</u> | |

Vance County, North Carolina
Law Enforcement Officers Special Separation Allowance
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ 6,500 | \$ 4,526 | \$ (1,974) |
| Total revenues | <u>6,500</u> | <u>4,526</u> | <u>(1,974)</u> |
| Expenditures | | | |
| Public Safety | | | |
| LEO Separation allowance benefit | 313,000 | - | 313,000 |
| Total Expenditures | <u>313,000</u> | <u>-</u> | <u>313,000</u> |
| Revenue over (under) expenditures | <u>(306,500)</u> | <u>4,526</u> | <u>311,026</u> |
| Other Financing Sources (Uses) | | | |
| Fund Balance Appropriated | <u>306,500</u> | <u>-</u> | <u>(306,500)</u> |
| Total other financing sources | <u>306,500</u> | <u>-</u> | <u>(306,500)</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | <u>4,526</u> | <u>\$ 4,526</u> |
| Fund balance, beginning | | 307,002 | |
| Prior period adjustment (See Note 9) | | <u>-</u> | |
| Fund balance, ending | | <u>\$ 311,528</u> | |

NON-MAJOR GOVERNMENTAL FUNDS

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

Vance County, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2020

| | Special Revenue Funds | Capital Project Funds | Totals June 30, 2020 |
|--|-----------------------------|-----------------------------|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 831,239 | \$ 519,663 | \$ 1,350,902 |
| Restricted cash | - | 1,230,656 | 1,230,656 |
| Receivables: | | | |
| Property tax | 83,757 | - | 83,757 |
| Accounts receivable | 73,274 | 384,776 | 458,050 |
| Due from other governments | 18,682 | 1,313 | 19,995 |
| Grants Receivable | 1,528,997 | - | 1,528,997 |
| Notes receivable | 5,700 | - | 5,700 |
| Total assets | <u>\$ 2,541,649</u> | <u>\$ 2,136,408</u> | <u>\$ 4,678,057</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 8,622 | \$ - | \$ 8,622 |
| Due to other funds | 856,791 | - | 856,791 |
| Total liabilities | <u>865,413</u> | <u>-</u> | <u>865,413</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Taxes Receivable | 83,756 | - | 83,756 |
| Notes Receivable | 5,700 | - | 5,700 |
| Total deferred inflows of resources | <u>89,456</u> | <u>-</u> | <u>89,456</u> |
| Fund balances: | | | |
| Restricted: | | | |
| Stabilization by state statute | 1,626,653 | 386,089 | 2,012,742 |
| Public safety | 822,618 | - | 822,618 |
| Capital Projects | - | 2,135,095 | 2,135,095 |
| School capital | - | (384,776) | (384,776) |
| Community development | (797,002) | - | (797,002) |
| Unassigned | (65,489) | - | (65,489) |
| Total fund balances | <u>1,586,780</u> | <u>2,136,408</u> | <u>3,723,188</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,541,649</u> | <u>\$ 2,136,408</u> | <u>\$ 4,678,057</u> |

Vance County, North Carolina
Non-Major 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 | Totals June 30, 2020 |
|---|-----------------------------|-----------------------------|----------------------------|
| Revenues | | | |
| Ad valorem taxes | \$ 1,649,617 | \$ - | \$ 1,649,617 |
| Restricted intergovernmental | 2,550,498 | 527,975 | 3,078,473 |
| Investment earnings | 6,805 | 12,596 | 19,401 |
| Total revenues | <u>4,206,920</u> | <u>540,571</u> | <u>4,747,491</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | 1,846,959 | 321,365 | 2,168,324 |
| Economic and physical development | 1,495,512 | - | 1,495,512 |
| Education | - | 83,384 | 83,384 |
| Debt Services | | | |
| Principal | - | - | - |
| Interest and fees | - | - | - |
| Total expenditures | <u>3,342,471</u> | <u>404,749</u> | <u>3,747,220</u> |
| Excess (deficiency) of revenues over expenditures | <u>864,449</u> | <u>135,822</u> | <u>1,000,271</u> |
| Other financing sources: | | | |
| Transfers in | - | 2,781,163 | 2,781,163 |
| Transfers (out) | <u>(191,785)</u> | <u>(2,228,396)</u> | <u>(2,420,181)</u> |
| Total other financing sources (uses) | <u>(191,785)</u> | <u>552,767</u> | <u>360,982</u> |
| Net change in fund balance | 672,664 | 688,589 | 1,361,253 |
| Fund balances, beginning | <u>914,116</u> | <u>1,447,819</u> | <u>2,361,935</u> |
| Fund balances, ending | <u>\$ 1,586,780</u> | <u>\$ 2,136,408</u> | <u>\$ 3,723,188</u> |

Vance County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2020

| | Emergency Telephone System Fund | Fire District Fund | Economic Development Fund | Neighborhood Development Fund | Totals June 30, 2020 |
|---|--|--------------------------|---------------------------------|-------------------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 454,323 | \$ 376,916 | \$ - | \$ - | \$ 831,239 |
| Receivables: | | | | | |
| Property Tax | - | 83,757 | - | - | 83,757 |
| Accounts receivable | 49,423 | 14,664 | 9,187 | - | 73,274 |
| Due from other governments | 16,121 | - | 2,561 | - | 18,682 |
| Grants Receivable | - | - | 1,528,997 | - | 1,528,997 |
| Notes Receivable | - | - | 5,700 | - | 5,700 |
| Total assets | <u>519,867</u> | <u>475,337</u> | <u>1,546,445</u> | <u>-</u> | <u>2,541,649</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 1,499 | 7,123 | - | - | 8,622 |
| Due to other funds | - | - | 791,302 | 65,489 | 856,791 |
| Total liabilities | <u>1,499</u> | <u>7,123</u> | <u>791,302</u> | <u>65,489</u> | <u>865,413</u> |
| Deferred inflows of resources | | | | | |
| Taxes receivable | - | 83,756 | - | - | 83,756 |
| Notes receivable | - | - | 5,700 | - | 5,700 |
| Total deferred inflows of resources | <u>-</u> | <u>83,756</u> | <u>5,700</u> | <u>-</u> | <u>89,456</u> |
| Fund balances: | | | | | |
| Restricted | | | | | |
| Stabilization by state statute | 65,544 | 14,664 | 1,546,445 | - | 1,626,653 |
| Public safety | 452,824 | 369,794 | - | - | 822,618 |
| Community Development | - | - | (797,002) | - | (797,002) |
| Unassigned | - | - | - | (65,489) | (65,489) |
| Total fund balances | <u>518,368</u> | <u>384,458</u> | <u>749,443</u> | <u>(65,489)</u> | <u>1,586,780</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 519,867</u> | <u>\$ 475,337</u> | <u>\$ 1,546,445</u> | <u>\$ -</u> | <u>\$ 2,541,649</u> |

Vance County, North Carolina
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

| | Emergency Telephone System Fund | Fire District Funds | Economic Development Fund | Neighborhood Stabilization Fund | Totals June 30, 2020 |
|--|--|---------------------------|---------------------------------|---------------------------------------|----------------------------|
| Revenues | | | | | |
| Ad valorem taxes | \$ - | \$ 1,649,617 | \$ - | \$ - | \$ 1,649,617 |
| Restricted intergovernmental | 593,072 | - | 1,862,463 | 94,963 | 2,550,498 |
| Investment earnings | 6,805 | - | - | - | 6,805 |
| Total | <u>599,877</u> | <u>1,649,617</u> | <u>1,862,463</u> | <u>94,963</u> | <u>4,206,920</u> |
| Expenditures | | | | | |
| Public safety | 230,449 | 1,616,510 | - | - | 1,846,959 |
| Economic and community development | - | - | 1,495,512 | - | 1,495,512 |
| Total | <u>230,449</u> | <u>1,616,510</u> | <u>1,495,512</u> | <u>-</u> | <u>3,342,471</u> |
| Excess (deficiency) of revenues over expenditures | <u>369,428</u> | <u>33,107</u> | <u>366,951</u> | <u>94,963</u> | <u>864,449</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (55,885) | (135,900) | - | - | (191,785) |
| Total other financing sources (uses) | <u>(55,885)</u> | <u>(135,900)</u> | <u>-</u> | <u>-</u> | <u>(191,785)</u> |
| Net change in fund balance | 313,543 | (102,793) | 366,951 | 94,963 | 672,664 |
| Fund balances, beginning | <u>204,825</u> | <u>487,251</u> | <u>382,492</u> | <u>(160,452)</u> | <u>914,116</u> |
| Fund balances, ending | <u>\$ 518,368</u> | <u>\$ 384,458</u> | <u>\$ 749,443</u> | <u>\$ (65,489)</u> | <u>\$ 1,586,780</u> |

Vance 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 Positive (Negative) |
|---|-----------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Revenues | | | |
| Restricted intergovernmental | \$ 593,071 | \$ 593,072 | \$ 1 |
| Investment earnings | 9,500 | 6,805 | (2,695) |
| Total | <u>602,571</u> | <u>599,877</u> | <u>(2,694)</u> |
| Expenditures | | | |
| Public safety | | | |
| E-911 Fund | | | |
| Operating expenditures | 235,383 | 218,999 | 16,384 |
| Capital outlay | 403,033 | 11,450 | 391,583 |
| Debt Services | | | |
| Principal retirement | - | - | - |
| Interest expense | - | - | - |
| Total expenditures | <u>638,416</u> | <u>230,449</u> | <u>407,967</u> |
| Revenue over (under) expenditures | <u>(35,845)</u> | <u>369,428</u> | <u>405,273</u> |
| Other Financing Sources (Uses) | | | |
| Transfer to general fund | (56,150) | (55,885) | 265 |
| Fund Balance Appropriated | 91,995 | - | (91,995) |
| Total other financing sources (uses) | <u>35,845</u> | <u>(55,885)</u> | <u>(91,730)</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | 313,543 | <u>\$ 313,543</u> |
| Fund balance, beginning | | 204,825 | |
| Fund balance, ending | | <u>\$ 518,368</u> | |

Vance County, North Carolina
Fire District Fund
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|---|------------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Revenues | | | |
| Ad valorem tax | \$ 1,612,596 | \$ 1,649,617 | \$ 37,021 |
| Total Revenues | <u>1,612,596</u> | <u>1,649,617</u> | <u>37,021</u> |
| Expenditures | | | |
| Public Safety | | | |
| Contracted Services | 1,703,845 | 1,432,260 | 271,585 |
| Capital Outlay | 187,522 | 184,250 | 3,272 |
| Total Expenditures | <u>1,891,367</u> | <u>1,616,510</u> | <u>274,857</u> |
| Revenue over (under) expenditures | <u>(278,771)</u> | <u>33,107</u> | <u>311,878</u> |
| Other financing sources (uses): | | | |
| Transfer from general fund | - | - | - |
| Transfer to general fund | - | (135,900) | (135,900) |
| Fund Balance Appropriated | 278,771 | - | (278,771) |
| Total Other Financing Sources (Uses) | <u>278,771</u> | <u>(135,900)</u> | <u>(414,671)</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>(102,793)</u> | <u>\$ (102,793)</u> |
| Fund balance, beginning | | 487,251 | |
| Fund balance, ending | | <u>\$ 384,458</u> | |

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

| | 2020 | | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Revenues | | | |
| Restricted Intergovernmental | | | |
| Lease income | \$ 110,249 | \$ 110,249 | \$ - |
| TNCP Repayment | 113,731 | 112,791 | (940) |
| Triangle North Revenue Sharing | - | 10,418 | 10,418 |
| NC Ready Sites Grant | 2,420,950 | 1,528,997 | (891,953) |
| Homer Trust Funds | - | 96,408 | 96,408 |
| Town of Middleburg Loan | 3,600 | 3,600 | - |
| Total revenues | <u>2,648,530</u> | <u>1,862,463</u> | <u>(786,067)</u> |
| Expenditures | | | |
| Economic and physical development | | | |
| Special projects- economic incentives | 227,580 | - | 227,580 |
| Legal Fiscal Cost | 9,570 | - | 9,570 |
| Contracted Services | 290,225 | 123,367 | 166,858 |
| Construction and Renovation | 1,928,323 | 1,372,145 | 556,178 |
| Acquisition | - | - | - |
| CDBG Refund | - | - | - |
| Rural Center Refund | - | - | - |
| Contingency | 192,832 | - | 192,832 |
| Total expenditures | <u>2,648,530</u> | <u>1,495,512</u> | <u>1,153,018</u> |
| Revenue over (under) expenditures | <u>-</u> | <u>366,951</u> | <u>366,951</u> |
| Other Financing Sources (Uses) | | | |
| Transfer from general fund | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenue and other sources over (under) expenditures | <u>\$ -</u> | <u>366,951</u> | <u>\$ 366,951</u> |
| Fund balance, beginning | | 382,492 | |
| Fund balance, ending | | <u>\$ 749,443</u> | |

Vance County, North Carolina
Neighborhood Stabilization Fund
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

| | 2020 | | | | Variance Positive (Negative) |
|--|--------------------------|------------------|-----------------|-------------------|------------------------------------|
| | Project Authorization | Prior Years | Current Year | Totals to Date | |
| Revenues | | | | | |
| Restricted intergovernmental Federal grants | | | | | |
| Neighborhood Stabilization grant | \$ 2,100,000 | \$ 1,372,578 | \$ 94,963 | \$ 1,467,541 | \$ (632,459) |
| Total Revenues | <u>2,100,000</u> | <u>1,372,578</u> | <u>94,963</u> | <u>1,467,541</u> | <u>(632,459)</u> |
| Expenditures | | | | | |
| Economic & community development | | | | | |
| Administration | 100,000 | 170,695 | - | 170,695 | (70,695) |
| Construction and redevelopment | 1,067,000 | 1,126,424 | - | 1,126,424 | (59,424) |
| Purchase and rehabilitation | 933,000 | 235,911 | - | 235,911 | 697,089 |
| Total Expenditures | <u>2,100,000</u> | <u>1,533,030</u> | <u>-</u> | <u>1,533,030</u> | <u>566,970</u> |
| Revenue over (under) expenditures | \$ - | \$ (160,452) | 94,963 | \$ (65,489) | \$ (65,489) |
| Fund balance, beginning | | | (160,452) | | |
| Fund balance, ending | | | <u>(65,489)</u> | | |

CAPITAL PROJECTS FUND

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

Vance County, North Carolina
Non-major Governmental Funds: Capital Project Funds
Combining Balance Sheet
For the Fiscal Year Ended June 30, 2020

| | General Capital Projects Fund | School Capital Projects Fund | Totals June 30, 2020 |
|---|--|---------------------------------------|----------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 519,663 | \$ - | \$ 519,663 |
| Restricted Cash | 32,782 | 1,197,874 | 1,230,656 |
| Accounts receivable | - | 384,776 | 384,776 |
| Due from other governments | 1,313 | - | 1,313 |
| Total assets | <u>\$ 553,758</u> | <u>\$ 1,582,650</u> | <u>\$ 2,136,408</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | |
| Restricted | | | |
| Stabilization by state statute | 1,313 | 384,776 | 386,089 |
| Capital projects | 552,445 | 1,582,650 | 2,135,095 |
| Capital projects - schools | - | (384,776) | (384,776) |
| Community Development | - | - | - |
| Unassigned | - | - | - |
| Total fund balances | <u>553,758</u> | <u>1,582,650</u> | <u>2,136,408</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 553,758</u> | <u>\$ 1,582,650</u> | <u>\$ 2,136,408</u> |

Vance County, North Carolina
Non-major Governmental Funds: Capital Project Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

| | General Capital Projects Fund | School Capital Projects Fund | Totals June 30, 2020 |
|--|--|---------------------------------------|----------------------------|
| Revenues | | | |
| Restricted intergovernmental | \$ 92,593 | \$ 435,382 | \$ 527,975 |
| Investment earnings | 2,476 | 10,120 | 12,596 |
| Other | - | - | - |
| Total | <u>95,069</u> | <u>445,502</u> | <u>540,571</u> |
| Expenditures | | | |
| Public safety | 321,365 | - | 321,365 |
| Education | 32,778 | 50,606 | 83,384 |
| Total | <u>354,143</u> | <u>50,606</u> | <u>404,749</u> |
| Excess (deficiency) of revenues over expenditures | <u>(259,074)</u> | <u>394,896</u> | <u>135,822</u> |
| Other financing sources (uses): | | | |
| Transfers in | 653,423 | 2,127,740 | 2,781,163 |
| Transfers out | - | (2,228,396) | (2,228,396) |
| Total other financing sources (uses) | <u>653,423</u> | <u>(100,656)</u> | <u>552,767</u> |
| Net change in fund balance | 394,349 | 294,240 | 688,589 |
| Fund balances, beginning | <u>159,409</u> | <u>1,288,410</u> | <u>1,447,819</u> |
| Fund balances, ending | <u>\$ 553,758</u> | <u>\$ 1,582,650</u> | <u>\$ 2,136,408</u> |

Vance County, North Carolina
Capital Projects Fund - General Capital Projects Fund
General Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

| | Project Authorization | Prior Years | Current Year | Total To Date | Variance Positive (Negative) |
|---|--------------------------|--------------------|---------------------|---------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental- | | | | | |
| Grants and donations | | | | | |
| Farmers Market | \$ 577,448 | \$ 610,514 | \$ - | \$ 610,514 | \$ 33,066 |
| Grants- VGCC Granville County | 311,209 | - | - | - | (311,209) |
| COVID-19 Revenue | 1,067,192 | - | 92,593 | 92,593 | (974,599) |
| Investment earnings | - | 2,109 | 3 | 2,112 | 2,112 |
| Total revenues | <u>1,955,849</u> | <u>612,623</u> | <u>92,596</u> | <u>705,219</u> | <u>(1,250,630)</u> |
| Expenditures | | | | | |
| Economic & community development | | | | | |
| Farmers market | | | | | |
| Administration | 3,000 | - | - | - | 3,000 |
| Contracted Services | 71,417 | 7,119 | - | 7,119 | 64,298 |
| Construction | 29,754 | 644,381 | - | 644,381 | (614,627) |
| Contingency | 523,277 | - | - | - | 523,277 |
| County Buildings | | | | | |
| Legal and fiscal- | | | | | |
| Debt issuance cost | 65,555 | 52,111 | - | 52,111 | 13,444 |
| Contracted Services | 55,750 | 72,383 | 204,218 | 276,601 | (220,851) |
| Construction | 1,117,860 | 1,261,690 | - | 1,261,690 | (143,830) |
| Contingency | 58,835 | - | - | - | 58,835 |
| Animal shelter | | | | | |
| Legal and fiscal- | | | | | |
| Debt issuance cost | 45,000 | 39,301 | - | 39,301 | 5,699 |
| Contracted Services | 137,250 | 87,930 | - | 87,930 | 49,320 |
| Construction | 1,474,842 | 1,551,951 | - | 1,551,951 | (77,109) |
| Contingency | 62,908 | 62,908 | - | 62,908 | - |
| Vance Granville Community College | | | | | |
| Administration | 47,862 | 70,629 | - | 70,629 | (22,767) |
| Contracted Services | 42,180 | 90,665 | - | 90,665 | (48,485) |
| Contingency | 60,158 | - | - | - | 60,158 |
| Construction | 1,143,009 | 810,690 | 32,778 | 843,468 | 299,541 |
| COVID-19 Expenditures | 1,067,192 | - | 92,593 | 92,593 | 974,599 |
| Debt Service | | | | | |
| Debt issuance costs | - | 2,809 | - | 2,809 | (2,809) |
| Total expenditures | <u>6,005,849</u> | <u>4,754,567</u> | <u>329,589</u> | <u>5,084,156</u> | <u>921,693</u> |
| Revenue over (under) expenditures | <u>(4,050,000)</u> | <u>(4,141,944)</u> | <u>(236,993)</u> | <u>(4,378,937)</u> | <u>(328,937)</u> |
| Other Financing Sources (Uses) | | | | | |
| Installment financing proceeds | 3,983,000 | 4,019,000 | - | 4,019,000 | 36,000 |
| Installment purchase obligations issued | - | 40,138 | - | 40,138 | 40,138 |
| Operating transfers in | 67,000 | 129,928 | - | 129,928 | 62,928 |
| Total other financing sources | <u>4,050,000</u> | <u>4,189,066</u> | <u>-</u> | <u>4,189,066</u> | <u>139,066</u> |
| Revenue and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 47,122</u> | <u>(236,993)</u> | <u>\$ (189,871)</u> | <u>\$ (189,871)</u> |
| Fund balance, beginning | | | 47,122 | | |
| Fund balance, ending | | | <u>\$ (189,871)</u> | | |
| Amounts reported for revenues, expenditures, and changes in fund balance are different from budget/actual statement due to consolidation of the General Capital Reserve Fund: | | | | | |
| Investment earnings | | | \$ 2,473 | | |
| Special Projects | | | (24,554) | | |
| Transfers in | | | 653,423 | | |
| Transfers out | | | - | | |
| Fund balance, beginning, General Capital Reserve Fund | | | <u>112,287</u> | | |
| Fund balance, ending, consolidated General Capital Project Fund | | | <u>\$ 553,758</u> | | |

Vance County, North Carolina
Capital Projects Fund - General Capital Reserve Fund
General Capital Reserve Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ 3,500 | \$ 2,473 | \$ (1,027) |
| Total revenues | <u>3,500</u> | <u>2,473</u> | <u>(1,027)</u> |
| Expenditures | | | |
| Public Safety | | | |
| Operating Expenses | 656,923 | 24,554 | 632,369 |
| Total expenditures | <u>656,923</u> | <u>24,554</u> | <u>632,369</u> |
| Revenue over (under) expenditures | <u>(653,423)</u> | <u>(22,081)</u> | <u>631,342</u> |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 653,423 | 653,423 | - |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources | <u>653,423</u> | <u>653,423</u> | <u>-</u> |
| Revenue and other sources over (under) expenditures | <u>\$ -</u> | 631,342 | <u>\$ 631,342</u> |
| Fund balance, beginning | | <u>112,287</u> | |
| Fund balance, ending | | <u>\$ 743,629</u> | |

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

| | Project Authorization | Prior Years | Current Year | Total To Date | Variance Positive (Negative) |
|--|--------------------------|---------------------|---------------------|---------------------|------------------------------------|
| Revenues | | | | | |
| Restricted intergovernmental | | | | | |
| Lottery proceeds | \$ 931,154 | \$ 1,751,757 | \$ - | \$ 1,751,757 | \$ 820,603 |
| Vance County Schools contribution | 99,026 | - | - | - | (99,026) |
| Investment earnings | - | 18,375 | - | 18,375 | 18,375 |
| Total revenues | <u>1,030,180</u> | <u>1,770,132</u> | <u>-</u> | <u>1,770,132</u> | <u>739,952</u> |
| Expenditures | | | | | |
| Education | | | | | |
| New Clarke Elementary School | 14,016,545 | 13,789,232 | - | 13,789,232 | 227,313 |
| Multi-purpose rooms, HVAC | 3,952,945 | 3,651,049 | - | 3,651,049 | 301,896 |
| Public School Facility Improvement | 2,982,495 | 2,820,715 | 50,606 | 2,871,321 | 111,174 |
| NVHS Science Labs | 545,850 | 507,520 | - | 507,520 | 38,330 |
| Total | <u>21,497,835</u> | <u>20,768,516</u> | <u>50,606</u> | <u>20,819,122</u> | <u>678,713</u> |
| Total Expenditures | <u>21,497,835</u> | <u>20,768,516</u> | <u>50,606</u> | <u>20,819,122</u> | <u>678,713</u> |
| Revenue over (under) expenditures | <u>(20,467,655)</u> | <u>(18,998,384)</u> | <u>(50,606)</u> | <u>(19,048,990)</u> | <u>1,418,665</u> |
| Other Financing Sources (Uses) | | | | | |
| Installment purchase obligations | 18,924,320 | 18,924,320 | - | 18,924,320 | - |
| Operating transfers in | 1,543,335 | 430,435 | - | 430,435 | (1,112,900) |
| Total other financing sources | <u>20,467,655</u> | <u>19,354,755</u> | <u>-</u> | <u>19,354,755</u> | <u>(1,112,900)</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 356,371</u> | <u>(50,606)</u> | <u>\$ 305,765</u> | <u>\$ 305,765</u> |
| Fund balance, beginning | | | <u>356,371</u> | | |
| Fund balance, ending | | | <u>\$ 305,765</u> | | |
| Amounts reported for revenues, expenditures, and changes in fund balance are different from budget/actual statement due to consolidation of the School Capital Reserve Fund: | | | | | |
| Investment earnings | | | \$ 10,120 | | |
| Reimbursement | | | - | | |
| QSCB interest | | | - | | |
| Lottery proceeds | | | 435,382 | | |
| Transfers in | | | 2,127,740 | | |
| Transfers out | | | (2,228,396) | | |
| Fund balance , beginning, School Capital Reserve Fund | | | <u>932,039</u> | | |
| Fund balance, ending , consolidated School Capital Projects | | | <u>\$ 1,582,650</u> | | |

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

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|---------------------|------------------------------------|
| Revenues | | | |
| Restricted intergovernmental | | | |
| QSCB interest reimbursement | \$ 93,216 | \$ - | \$ (93,216) |
| Lottery proceeds | 384,776 | 435,382 | 50,606 |
| Investment earnings | 12,000 | 10,120 | (1,880) |
| Total revenues | <u>489,992</u> | <u>445,502</u> | <u>(44,490)</u> |
| Expenditures | | | |
| Education | | | |
| Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenue over (under) expenditures | <u>489,992</u> | <u>445,502</u> | <u>(44,490)</u> |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 2,157,311 | 2,127,740 | (29,571) |
| Operating transfers out | (2,869,553) | (2,228,396) | 641,157 |
| Fund balance appropriated | 222,250 | - | (222,250) |
| Total other financing sources | <u>(489,992)</u> | <u>(100,656)</u> | <u>389,336</u> |
| Revenue and other financing sources over (under) expenditures | <u>\$ -</u> | 344,846 | <u>\$ 344,846</u> |
| Fund balance, beginning | | <u>932,039</u> | |
| Fund balance, ending | | <u>\$ 1,276,885</u> | |

ENTERPRISE FUNDS

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

Vance County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|---|------------------|--------------------|------------------------------------|
| | Budget | Actual | |
| Operating Revenues | | | |
| Charges for services | | | |
| Household fees | \$ 2,150,500 | \$ 2,096,922 | \$ (53,578) |
| Warren County manned site | 43,000 | 50,491 | 7,491 |
| Other operating revenues | 10,000 | 14,159 | 4,159 |
| Total Operating Revenues | <u>2,203,500</u> | <u>2,161,572</u> | <u>(41,928)</u> |
| Nonoperating Revenues (Expenditures) | | | |
| Federal, state and local grants | 156,800 | 14,300 | (142,500) |
| Intergovernmental taxes and fees | 103,500 | 140,550 | 37,050 |
| Total Nonoperating revenues | <u>260,300</u> | <u>154,850</u> | <u>(105,450)</u> |
| Total Revenues | <u>2,463,800</u> | <u>2,316,422</u> | <u>(147,378)</u> |
| Operating Expenditures | | | |
| Landfill operations | | | |
| Salaries and employee benefits | 74,648 | 78,730 | (4,082) |
| Operating expenditures | 2,410,209 | 2,159,784 | 250,425 |
| Contracted services | 189,600 | 177,427 | 12,173 |
| Capital outlay | - | - | - |
| Total Operating Expenditures | <u>2,674,457</u> | <u>2,415,941</u> | <u>258,516</u> |
| Total Revenues over Expenditures | <u>(210,657)</u> | <u>(99,519)</u> | <u>111,138</u> |
| Other Financing Sources (uses): | | | |
| Transfers in | 673 | 673 | - |
| Fund Balance Appropriated | 209,984 | - | (209,984) |
| Total Other Financing Sources | <u>210,657</u> | <u>673</u> | <u>(209,984)</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>(98,846)</u> | <u>\$ (98,846)</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual basis | | | |
| Capital outlay | | - | |
| Depreciation | | (14,551) | |
| Increase (decrease) in deferred outflows of resources - pensions | | (2,330) | |
| Increase (decrease) in deferred outflows of resources - OPEB | | 4,087 | |
| (Increase) decrease in accrued compensated absences | | (283) | |
| (Increase) decrease in net pension liability | | (1,967) | |
| (Increase) decrease in OPEB liability | | (8,042) | |
| (Increase) decrease in deferred inflows of resource - pensions | | (225) | |
| (Increase) decrease in deferred inflows of resource - OPEB | | 2,635 | |
| Decrease in accrued landfill closure costs | | 76,110 | |
| Total reconciling items | | <u>55,434</u> | |
| Change in net position | | <u>\$ (43,412)</u> | |

Vance County, North Carolina
Water District Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|---|-----------------------|-------------------|------------------------------------|
| | Budget | Actual | |
| Operating Revenues | | | |
| Charges for services | | | |
| Water sales and connection fees | \$ 928,450 | \$ 1,211,171 | \$ 282,721 |
| Debt setoff Revenue | 5,000 | 4,978 | (22) |
| Other operating Revenues | 16,504 | 17,400 | 896 |
| Total Operating Revenues | <u>949,954</u> | <u>1,233,549</u> | <u>283,595</u> |
| Nonoperating Revenues (Expenditures) | | | |
| Investment earnings | 6,500 | 5,628 | (872) |
| Total Nonoperating revenues | <u>6,500</u> | <u>5,628</u> | <u>(872)</u> |
| | | | |
| Total Revenues | <u>956,454</u> | <u>1,239,177</u> | <u>282,723</u> |
| Operating Expenditures | | | |
| Water Operations | | | |
| Purchased water | 250,000 | 249,595 | 405 |
| Operating expenditures | 115,826 | 94,661 | 21,165 |
| Contracted services | 293,700 | 320,178 | (26,478) |
| Total | <u>664,526</u> | <u>664,434</u> | <u>92</u> |
| | | | |
| Debt service | | | |
| Debt Principal | 201,688 | 201,688 | - |
| Interest and other charges | 339,625 | 339,625 | - |
| Total Debt service | <u>541,313</u> | <u>541,313</u> | <u>-</u> |
| | | | |
| Total Operating expenditures | <u>1,205,839</u> | <u>1,205,747</u> | <u>92</u> |
| | | | |
| Revenues over expenditures | <u>(249,385)</u> | <u>33,430</u> | <u>282,815</u> |
| | | | |
| Other financing sources (uses): | | | |
| Transfers in | 302,148 | 19,334 | (282,814) |
| Capital Contributions | - | 97,710 | 97,710 |
| Debt Service Reserve | (52,763) | - | 52,763 |
| Total Other financing sources | <u>249,385</u> | <u>117,044</u> | <u>(132,341)</u> |
| | | | |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>150,474</u> | <u>\$ 150,474</u> |
| | | | |
| Reconciliation from budgetary basis (modified accrual) to full accrual basis | | | |
| Capital outlay | | - | |
| Debt principal | | 201,688 | |
| Amortization | | - | |
| Depreciation | | (380,821) | |
| Increase in accrued interest | | (3,376) | |
| Water District Capital Project Fund | | | |
| Federal and state grants | | 440,340 | |
| Interest earnings from project | | - | |
| Transfers | | - | |
| Total reconciling items | | <u>257,831</u> | |
| | | | |
| Change in net position | | <u>\$ 408,305</u> | |
| | | | |
| | Beg Fund Bal | 4,526,732 | |
| | Prior Period Adjustme | - | |
| | Beg Fund Bal Restated | <u>4,526,732</u> | |
| | | | |
| | End Fund Bal | 4,935,037 | |

Vance County, North Carolina
Water District Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

| | Project Authorization | Actual | | | Total To Date | Variance Positive (Negative) |
|---|--------------------------|---------------------|-------------------|----------------------|--------------------|------------------------------------|
| | | Prior Years | Current Year | Completed Project | | |
| Revenues | | | | | | |
| Restricted intergovernmental | \$ 1,150,000 | \$ 627,301 | \$ 440,340 | \$ - | \$ 1,067,641 | \$ (82,359) |
| Local Match | 11,057 | - | - | - | - | (11,057) |
| Investment Earnings | - | 1,031 | - | - | 1,031 | 1,031 |
| Total Revenues | <u>1,161,057</u> | <u>628,332</u> | <u>440,340</u> | <u>-</u> | <u>1,068,672</u> | <u>(92,385)</u> |
| Expenditures | | | | | | |
| Phase 2b | | | | | | |
| Construction | - | 25,000 | - | - | 25,000 | (25,000) |
| Phase 3 | | | | | | |
| Legal | 12,496 | 3,097 | - | - | 3,097 | 9,399 |
| Contracted Services | 105,000 | 93,020 | 50,165 | - | 143,185 | (38,185) |
| Contingency | 74,730 | - | - | - | - | 74,730 |
| Construction | 1,169,310 | 867,141 | 265,676 | - | 1,132,817 | 36,493 |
| Land Easement | 11,521 | 11,551 | - | - | 11,551 | (30) |
| Total Expenditures | <u>1,373,057</u> | <u>999,809</u> | <u>315,841</u> | <u>-</u> | <u>1,315,650</u> | <u>57,407</u> |
| Other Financing Sources (Uses) | | | | | | |
| USDA Loan | 212,000 | 212,000 | - | - | 212,000 | - |
| Operating transfer in | - | 11,057 | - | - | 11,057 | 11,057 |
| Total Other Financing Sources | <u>212,000</u> | <u>223,057</u> | <u>-</u> | <u>-</u> | <u>223,057</u> | <u>11,057</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ (148,420)</u> | <u>\$ 124,499</u> | <u>\$ -</u> | <u>\$ (23,921)</u> | <u>\$ (23,921)</u> |

AGENCY FUNDS

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

Vance County, North Carolina
Agency Funds
Combining Statement of Fiduciary Assets and Liabilities
June 30, 2020

| | Motor Vehicles Trust Fund | Social Services Trust Fund | Vance County Jail Inmate Trust Fund | Fines and Forfeitures Fund | Resister of Deeds Fund | Totals June 30, 2020 |
|--------------------------------------|---------------------------------|----------------------------------|---|----------------------------------|------------------------------|----------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ - | \$ 115,372 | \$ 156,432 | \$ - | \$ - | \$ 271,804 |
| Total assets | <u>\$ -</u> | <u>\$ 115,372</u> | <u>\$ 156,432</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 271,804</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 115,372 | \$ 156,432 | \$ - | \$ - | \$ 271,804 |
| Intergovernmental payable | - | - | - | - | - | - |
| Total liabilities | <u>\$ -</u> | <u>\$ 115,372</u> | <u>\$ 156,432</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 271,804</u> |

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

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|--|----------------------------|--------------|--------------|-----------------------------|
| City Ad Valorem and Motor Vehicles Tax Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 6,693,719 | \$ 6,693,719 | \$ - |
| Liabilities: | | | | |
| Intergovernmental payable | \$ - | \$ 6,693,719 | \$ 6,693,719 | \$ - |
| Social Services Trust Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 87,595 | \$ 134,641 | \$ 106,864 | \$ 115,372 |
| Liabilities: | | | | |
| Accounts payable | \$ 87,595 | \$ 134,641 | \$ 106,864 | \$ 115,372 |
| Vance County Jail Inmate Trust Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 150,765 | \$ 232,750 | \$ 227,083 | \$ 156,432 |
| Liabilities: | | | | |
| Accounts payable | \$ 150,765 | \$ 232,750 | \$ 227,083 | \$ 156,432 |
| Fines and Forfeitures Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 411,977 | \$ 411,977 | \$ - |
| Liabilities: | | | | |
| Intergovernmental payable | \$ - | \$ 411,977 | \$ 411,977 | \$ - |
| Register of Deeds Trust Fund | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ - | \$ 4,065 | \$ 4,065 | \$ - |
| Liabilities: | | | | |
| Intergovernmental payable | \$ - | \$ 4,065 | \$ 4,065 | \$ - |
| Totals - All Agency Funds | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 238,360 | \$ 7,477,152 | \$ 7,443,708 | \$ 271,804 |
| Total assets | \$ 238,360 | \$ 7,477,152 | \$ 7,443,708 | \$ 271,804 |
| Liabilities: | | | | |
| Accounts payable | \$ 238,360 | \$ 367,391 | \$ 333,947 | \$ 271,804 |
| Intergovernmental payable | - | 7,109,761 | 7,109,761 | - |
| Total liabilities | \$ 238,360 | \$ 7,477,152 | \$ 7,443,708 | \$ 271,804 |

OTHER SCHEDULES

This section includes additional information on property taxes.

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

| Fiscal Year | Uncollected Balance June 30, 2019 | Additions | Collections And Credits | Adjustments | Uncollected Balance June 30, 2020 |
|---|---|----------------------|----------------------------|-------------|---|
| 2019-2020 | \$ - | \$ 25,991,649 | \$ 25,127,538 | \$ - | \$ 864,111 |
| 2018-2019 | 724,570 | - | 457,778 | - | 266,792 |
| 2017-2018 | 262,685 | - | 91,721 | - | 170,964 |
| 2016-2017 | 182,567 | - | 39,782 | - | 142,785 |
| 2015-2016 | 69,346 | - | 18,182 | - | 51,164 |
| 2014-2015 | 55,261 | - | 9,960 | - | 45,301 |
| 2013-2014 | 69,650 | - | 7,870 | - | 61,780 |
| 2012-2013 | 58,125 | - | 5,844 | - | 52,281 |
| 2011-2012 | 51,455 | - | 1,839 | - | 49,616 |
| 2010-2011 | 38,370 | - | 1,369 | - | 37,001 |
| 2009-2010 | 39,367 | - | 39,367 | - | - |
| | <u>\$ 1,551,396</u> | <u>\$ 25,991,649</u> | <u>\$ 25,801,250</u> | <u>\$ -</u> | <u>1,741,795</u> |
| Less: allowance for uncollectible accounts: | | | | | |
| General Fund | | | | | <u>354,256</u> |
| Ad valorem taxes receivable - net: | | | | | |
| General Fund | | | | | <u>\$ 1,387,539</u> |
| <u>Reconcilement with revenues:</u> | | | | | |
| Ad valorem taxes - General Fund | | | | | \$ 26,615,987 |
| Reconciling items: | | | | | |
| Interest collected | | | | | (183,526) |
| Taxes Written Off | | | | | (39,367) |
| Adjustment | | | | | <u>(591,844)</u> |
| Total reconciling items | | | | | <u>(814,737)</u> |
| Total collections and credits | | | | | <u>\$ 25,801,250</u> |

Vance 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 taxed at current years rate | \$ 2,896,406,629 | 0.890 | \$ 25,778,019 | \$ 21,801,347 | \$ 3,976,672 |
| Penalties | | | 34,780 | 34,780 | - |
| Total | 2,896,406,629 | | 25,812,799 | 21,836,127 | 3,976,672 |
| Discoveries: | | | | | |
| Current year taxes | 13,689,775 | 0.890 | 121,839 | 121,839 | - |
| Prior years taxes | | | 108,453 | 108,453 | - |
| Total | 13,689,775 | | 230,292 | 230,292 | - |
| Abatements/Releases: | | | | | |
| Current year | (3,857,865) | 0.890 | (34,335) | (34,335) | - |
| Prior Year | | | (17,107) | (17,107) | - |
| Total | (3,857,865) | | (51,442) | (51,442) | - |
| Total Property Valuation | \$ 2,906,238,539 | | | | |
| Net levy | | | 25,991,649 | 22,014,977 | 3,976,672 |
| Uncollected taxes at June 30, 2020 (County Only) | | | 864,111 | 864,111 | - |
| Current year's taxes collected (includes penalty) | | | \$ 25,127,538 | \$ 21,150,866 | \$ 3,976,672 |
| Current levy collection percentage | | | 96.68% | 96.07% | 100.00% |

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

Secondary Market Disclosures:

Assessed Valuation:

| | | |
|---|----|----------------------|
| Assessment Ratio ¹ | | 100% |
| Real Property | \$ | 1,970,037,791 |
| Personal Property | | 836,354,976 |
| Public Service Companies ² | | 99,845,772 |
| Total Assessed Valuation | \$ | <u>2,906,238,539</u> |
| Tax Rate per \$100 | | 0.89 |
| Levy (includes discoveries, releases and abatements) ³ | \$ | 25,865,523 |

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

| | | |
|--|----|-----------|
| | \$ | 1,470,742 |
|--|----|-----------|

¹ Percentage of appraised value has been established by statute.

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

³ The levy includes interest and penalties.

Vance County, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2020

| Taxpayer | Type of Business | 2019 Assessed Valuation | Percentage of Total Assessed Valuation |
|---------------------------------|-------------------------|--|---|
| I AMS Company | Manufacturing | \$ 41,420,411 | 1.43% |
| Duke Energy Progress | Utility | 62,735,211 | 2.16% |
| DLP Maria Parham Medical | Private Hospital | 58,564,838 | 2.02% |
| Ardagh Glass Inc. | Manufacturing | 51,567,228 | 1.77% |
| Wal-Mart Stores East LP | Retail | 25,674,624 | 0.88% |
| DLP Maria Parham Medical Center | Private Hospital | 23,514,217 | 0.81% |
| Carolina Sunrock LLC | Rock Quarry | 19,431,645 | 0.67% |
| Variety Wholesalers | Retail | 19,370,850 | 0.67% |
| W&W Properties and Rentals LLC | Property Management | 17,281,540 | 0.59% |
| Bullock Solar LLC | Solar Farm | 13,622,410 | 0.47% |
| Total | | \$ <u>333,182,974</u> | <u>11.46%</u> |

Vance County, North Carolina
Schedule of Cash and Investment Balances
For the Fiscal Year Ended June 30, 2020

| | Carrying Value | Cost Value | Market Value |
|---|----------------------|----------------------|----------------------|
| Cash | | | |
| On Hand | \$ 950 | \$ 950 | \$ 950 |
| In Time Deposit | 1,011,863 | 1,011,863 | 1,011,863 |
| In Demand Deposit | 13,470,940 | 13,470,940 | 13,470,940 |
| | 14,483,753 | 14,483,753 | 14,483,753 |
| Other Investments | | | |
| North Carolina Capital Management Trust | 9,786,092 | 9,786,092 | 9,786,092 |
| Total Cash and Investments | \$ 24,269,845 | \$ 24,269,845 | \$ 24,269,845 |

Distribution by Funds

| | Carrying Value |
|---------------------------------------|----------------------|
| General Fund | |
| General Fund | \$ 18,657,065 |
| Revaluation Fund | 335,515 |
| Debt Service Fund | 541 |
| LEOSSA and OPEB Pension Fund | 311,528 |
| Facility Fees Fund | - |
| | \$ 19,304,649 |
| Special Revenue Funds | |
| Emergency Telephone System Fund | 454,323 |
| Fire District Fund | 376,916 |
| Economic Development Fund | - |
| | 831,239 |
| Capital Project Fund | |
| School Capital Outlay Fund | 305,765 |
| School Capital Reserve Fund | 892,109 |
| General Capital Projects Fund | (191,184) |
| General Capital Reserve Fund | 743,629 |
| | 1,750,319 |
| Enterprise Funds | |
| Solid Waste Fund | 450,580 |
| Water Fund | 1,661,254 |
| | 2,111,834 |
| Fiduciary Funds | |
| Agency Funds | |
| Vance County Jail Inmates Trust Funds | 156,432 |
| Register of Deeds Trust Fund | - |
| Social Services Fund | 115,372 |
| | 271,804 |
| Total Cash and Investments | \$ 24,269,845 |



Alan W. Thompson, CPA

R. Bryon Scott, CPA

Gregory S. Adams, CPA

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
Vance County
Henderson, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Vance County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Vance County basic financial statements, and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Vance 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 Vance County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Members

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Vance County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 12, 2020



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

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

Independent Auditors' Report

To the Board of County Commissioners
Vance County
Henderson, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2020-002, 2020-003, 2020-004, 2020-005]. Our opinion on each major federal program is not modified with respect to these matters.

Vance County's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Vance 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 Vance County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Vance County internal control over compliance with the types of requirements that could have direct and material effect on major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2020-001, 2020-002, 2020-003, 2020-004] that we consider to be significant deficiencies.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, North Carolina
November 12, 2020



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

Independent Auditors' Report

To the Board of County Commissioners
Vance County
Henderson, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major State Program

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

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

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 12, 2020

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

- Material Weakness(es) identified? ___yes _X_no
- Significant Deficiency(s) identified ___yes _X_no

Noncompliance material to financial statements noted ___yes _X_no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? ___yes _X_no
- Significant Deficiency(s) identified _X_yes __none reported

Noncompliance material to federal awards ___yes _X_no

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _X_yes __no

Identification of major federal programs:

| <u>CFDA #</u> | <u>Program Name</u> |
|---------------|---|
| 10.760 | Water and Waste Disposal System for Rural Communities |
| 93.778 | Medical Assistance Program |

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

Auditee qualified as low-risk auditee? _X_yes __no

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

U.S. Department of Health and Human Services

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

Finding: 2020-001

SIGNIFICANT DEFICENCY

Eligibility

- | | |
|-------------------|---|
| Criteria: | The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determining Medicaid eligibility. |
| Condition: | There were thirteen errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made. Of these, one applicant/beneficiary received assistance for which the recipient was not eligible. |
| Questioned Costs: | The amounts paid out for the above in-eligible participants did not exceed the threshold for a questioned costs determination. |

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III. Federal Award Findings and Questioned Costs (continued)

| | |
|--|--|
| Context: | We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit. |
| Effect: | For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible. |
| Cause: | Error in reading the ACTS report, and ineffective case review process. |
| Recommendation: | Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determining eligibility. The results found or documentation made in the case notes should clearly indicate what actions were performed and the results of those actions. |
| Views of responsible officials and planned corrective actions: | Workers will have additional training on what information should be maintained in case files, the importance of complete and accurate record keeping. Additionally, templates and checklists will be completed and uploaded in NCFAST with hard copies sent to Supervisors for review. |

U.S. Department of Health and Human Services

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

Finding: 2020-002

SIGNIFICANT DEFICENCY

Eligibility

| | |
|-------------------|---|
| Criteria: | In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient met specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal control procedures in place to ensure an applicant is properly determined or redetermined for benefits. |
| Condition: | There were seventeen errors discovered during our procedures that inaccurate information was entered when determining eligibility. Of these, two applicant/beneficiaries received assistance for which the recipient was not eligible. |
| Questioned Costs: | \$1,267. This amount was determined by totaling all the aid received by the ineligible beneficiaries for all claims during the fiscal year ending 6/30/2020 which had dates of service occurring within the certification period in question. |
| Context: | We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit. |

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III. Federal Award Findings and Questioned Costs (continued)

| | |
|--|--|
| Effect: | For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible. |
| Cause: | Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility. |
| Recommendation: | Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions. |
| Views of responsible officials and planned corrective actions: | Workers will have additional training on what information should be maintained in case files, the importance of complete and accurate record keeping. Additionally, templates and checklists will be completed and uploaded in NCFast with hard copies sent to Supervisors for review. |

U.S. Department of Health and Human Services

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

Finding: 2020-003

SIGNIFICANT DEFICENCY

Eligibility

| | |
|------------|---|
| Criteria: | Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation. |
| Condition: | There were eight errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. Of these, two applicant/beneficiaries received assistance for which the recipient may have not been eligible; however, the lack of documentation prevented the auditor from being able to re-determine eligibility. |

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III. Federal Award Findings and Questioned Costs (continued)

| | |
|--|--|
| Questioned Costs: | As described above, the auditor was unable to determine eligibility and therefore unable to determine any questioned cost. |
| Context: | We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit. |
| Effect: | For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible. |
| Cause: | Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility. |
| Recommendation: | Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions. |
| Views of responsible officials and planned corrective actions: | Workers will have additional training on what information should be maintained in case files, the importance of complete and accurate record keeping. Additionally, templates and checklists will be completed and uploaded in NCFast with hard copies sent to Supervisors for review. |

U.S. Department of Health and Human Services

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

Finding: 2020-004

SIGNIFICANT DEFICIENCY

Eligibility

| | |
|------------|---|
| Criteria: | The State sends notification to the County when a participant is no longer eligible under SSI determination. The County has a certain time period to initiate an ex parte review to determine whether the recipient qualifies for Medicaid under any other coverage group, such as Family and Children's Medicaid, North Carolina Health Choice for Children, Work First Family Assistance, or Medicaid for the Aged, Blind and Disabled. |
| Condition: | Two applicants were not reviewed timely and determined to be eligible for Medicaid when their SSI benefits were terminated. |

VANCE COUNTY, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III. Federal Award Findings and Questioned Costs (continued)

| | |
|--|--|
| Questioned Costs: | \$8,086. This amount was determined by totaling all the aid received by the in-eligible beneficiary for all claims during the fiscal year ending 6/30/2020 which had dates of service occurring after the SSI determined the beneficiary ineligible. |
| Context: | We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit. |
| Effect: | The County did not initiate ex parte review timely, therefore, no eligibility review was completed in the required time period. The lack of follow up and certification lead to applicants receiving Medicaid benefits for which they were not eligible. |
| Cause: | Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needed to conduct an application process. This information was not shared with other departments in DSS from which the recipient was also receiving benefits. |
| Recommendation: | Any State communications related to applicants' benefits received by any DSS department should be shared with all areas from which the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the corrective action has been taken. Workers should be retrained on what process needs to be followed when State communications are received. |
| Views of responsible officials and planned corrective actions: | Workers will have additional training on what information should be maintained in case files, the importance of complete and accurate record keeping. Additionally, the department will perform weekly reviews of appropriate reports to ensure timeliness. |

Section IV. State Award Findings and Questioned Costs

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

CFDA # 93.778

SIGNIFICANT DEFICENCY: Finding 2020-001, 2020-002, 2020-003 and 2020-004 also apply to State requirements and State Awards.



VANCE COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2020

Section II - Financial Statement Findings

None Reported

Section III - Federal Award Findings and Question Costs

Finding 2020-001

Name of contact person: Goldie Davis, IM Program Manager

Corrective Action: Refresher training of IV-D policy for Medicaid Unit has occurred. Documentation Template with checklist verifying child support status of case heads on all cases has been implemented. Second party of cases continue with emphasis on accuracy in IV-D status verification

Proposed Completion Date: Completion of training has occurred on 8/31/2020. Templates and checklists will be used as an ongoing part of our quality process. Completed templates/checklists are uploaded into NCFAST attached to case and hard copies placed in supervisor's office for review.



VANCE COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2020

Section III - Federal Award Findings and Question Costs (continued)

Finding 2020-002

Name of contact person: Goldie Davis, IM Program Manager

Corrective Action: Adult Medicaid Unit is currently in refresher training of Medicaid Policy. Refresher training for Family & Children Medicaid unit occurs at each monthly unit meeting. Documentation Template with checklist documenting all verifications, household members, and income received has been implemented for use on all recertifications/applications completed. Work drawer with current cases being worked to assist with organization has been implemented with supervisory review of work drawer completed monthly of Adult Medicaid Unit. Second party of cases continue with emphasis on verifications, documentation and correct application of policy for all Medicaid.

Proposed Completion Date: Documentation template and checklist and work drawers implemented 8/25 and will be a part of our ongoing quality process. Policy Training to be completed January 8, 2021.

Finding 2020-003

Name of contact person: Goldie Davis, IM Program Manager

Corrective Action: Medicaid Unit is currently in refresher training of Medicaid Policy. Documentation Template with checklist documenting all verifications received has been implemented for use on all recertifications/applications completed. Work drawer with current cases being worked to assist with organization has been implemented with supervisory review of work drawer completed monthly. Second party of cases continue with emphasis on verifications, documentation and correct application of policy.

Proposed Completion Date: Documentation template and checklist and work drawers implemented 8/25 and will be a part of our ongoing quality process. Policy Training to be completed January 8, 2021.



VANCE COUNTY, NORTH CAROLINA
Corrective Action Plan
For the Year Ended June 30, 2020

Section III - Federal Award Findings and Question Costs (continued)

Finding 2020-004

Name of contact person: Goldie Davis, IM Program Manager

Corrective Action: SSI Exparte Process Training has occurred and Medicaid Policy training is in process. In SSI Exparte Process training working the SSI Termination and SSI Alert Report was reviewed. Timely working of SSI reports according to policy has been implemented with assigned hours to complete tasks. Reviewing communications in OVS and OLV which is a part of SSI Exparte Review process has been reviewed in training. Weekly review of SSI Termination Report has been implemented.

Proposed Completion Date: Hands on training of SSI Exparte review process has occurred. Timely review of communications will continue as SSI Termination report is worked. This will be an ongoing process.

Section IV - State Award Findings and Question Costs

None Reported.

VANCE COUNTY, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Section II. Financial Statement Findings

None Rep 2019-001

Status Corrected

Sections III. Federal Awards Findings and Questioned Costs

Finding 2019-002

Status Repeated as 2020-001

Finding 2019-003

Status Repeated as 2020-002

Finding 2019-004

Status Repeated as 2020-003

Finding 2019-005

Status Corrected

Section IV. State Award Findings and Questioned Costs

None Reported.

Vance County
Schedule of Expenditures of Federal and State Awards
For The Fiscal Year Ended June 30, 2020

| <u>Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>State/ Pass-through Grantor's Number</u> | <u>Fed (Direct & Pass-through Expenditures</u> | <u>State Expenditures</u> | <u>Provided to Subrecipients</u> | <u>Local Expenditures</u> |
|--|------------------------------------|---|--|-------------------------------|--|-------------------------------|
| Federal Awards: | | | | | | |
| <u>U. S. Department of Agriculture</u> | | | | | | |
| Passed-through N.C. Dept of Health and Human Services: Division of Social Services: Administration: | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | \$ 620,673 | \$ - | \$ - | \$ 620,672 |
| Water and Waste Disposal System for Rural Communities Total U.S. Dept. of Agriculture | 10.760 | | 440,340 | - | - | - |
| | | | 1,061,013 | - | - | 620,672 |
| <u>U.S. Dept. of Justice</u> | | | | | | |
| Bulletproof Vest Partnership Program | 16.738 | | 2,500 | - | - | - |
| Edward Byrne Memorial Justice Assistance Grant Program Total of U.S Department of Justice | 16.738 | | 6,311 | - | - | - |
| | | | 8,811 | - | - | - |
| U.S. Department of Treasury | | | | | | |
| Passed-through the Office of State Budget and Management NC Pandemic Recovery Office Coronavirus Relief Fund Total U.S. Department of Treasury | | | | | | |
| | 21.019 | | 476,976 | - | - | - |
| | | | 476,976 | - | - | - |
| <u>U.S. Department of Homeland Security</u> | | | | | | |
| Passed -through N.C. Department of Public Safety Division of Emergency Management Emergency Management Performance Grant Total U.S. Department of Homeland Security | | | | | | |
| | 97.042 | | 38,094 | - | - | - |
| | | | 38,094 | - | - | - |
| <u>U.S. Dept. of Health and Human Services</u> | | | | | | |
| Passed-through Kerr-Tar Regional Council of Governments Division of Aging and Adult Services: <u>Aging Cluster:</u> Special Programs for the Aging Title IIIB Grants for Supportive Services and Senior Centers Special Programs for the Aging - Title III C Nutrition Services Nutrition Services Incentive Program Total Aging Cluster | | | | | | |
| | 93.044 | | 53,071 | 3,122 | - | - |
| | 93.045 | | 98,512 | 5,794 | - | - |
| | 93.053 | | 15,294 | - | - | - |
| | | | 166,877 | 8,916 | - | - |
| Family Caregiver Support | 93.052 | | 1,920 | 128 | - | - |
| Division of Social Services: <u>Temporary Assistance for Needy Families (TANF) Cluster</u> TANF-Work First Total TANF Cluster | | | | | | |
| | 93.558 | | 500,105 | - | - | 641,327 |
| | | | 500,105 | - | - | 641,327 |
| AFDC Payments & Penalties | 93.560 | | (84) | (23) | - | (23) |
| Family Preservation | 93.556 | | 12,747 | - | - | - |
| <u>Foster Care and Adoption Cluster</u> COVID-19 Foster Care Title IV – Supplemental Payments Foster Care - Title IV-E Adoption Assistance Foster Care Total Foster Care and Adoption Cluster | | | | | | |
| | 93.658 | | 6,700 | - | - | - |
| | 93.658 | | 331,468 | 54,332 | - | 231,504 |
| | 93.659 | | 893 | - | - | 893 |
| | N/A | | 28,904 | - | - | 1,789 |
| | | | 367,965 | 54,332 | - | 234,186 |
| Child Support Enforcement | 93.563 | | 569,162 | (497) | - | 293,701 |
| Low Income Energy Assistance Administration Energy Assistance Payments Crisis Intervention Program Total Low-Income Home Energy Assistance | | | | | | |
| | 93.568 | | 62,761 | - | - | - |
| | 93.568 | | 393,881 | - | - | - |
| | 93.568 | | 536,580 | - | - | - |
| | | | 993,222 | - | - | - |
| Stephanie Tubbs Jones Child Welfare Services Program Permanency Planning - Families for Kids | 93.645 | | 14,497 | - | - | 4,832 |
| Chafee Foster Care Independence Program | 93.674 | | 1,656 | 414 | - | - |

Vance County
Schedule of Expenditures of Federal and State Awards
For The Fiscal Year Ended June 30, 2020

| Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | State/ Pass-through Grantor's Number | Fed (Direct & Pass-through Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|--|------------------------------------|---|--|-------------------------------|--|-------------------------------|
| SSBG - Other Service and Training | 93.667 | | 237,738 | - | - | 79,246 |
| Division of Aging and Adult Services: | | | | | | |
| Division of Social Services: | | | | | | |
| SSBG - State In-Home Services | 93.667 | | 51,202 | - | - | 7,315 |
| Pass-through Kerr Tar Regional Council of Government : | | | | | | |
| Social Service Block Grant (SSBG) - In Home Services | 93.667 | | 77,553 | 2,216 | - | - |
| Total Social Service Block Grant | | | <u>366,493</u> | <u>2,216</u> | <u>-</u> | <u>86,561</u> |
| Administration for Children and Families | | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services | | | | | | |
| Subsidized Child Care | | | | | | |
| Division of Social Services | | | | | | |
| Child Care Development Fund - Administration | 93.596 | | 81,569 | - | - | - |
| Total Subsidized Child Care Cluster (Note 4) | | | <u>81,569</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Passed -through the N.C. Dept. Health and Human Services: | | | | | | |
| Division of Medical Assistance | | | | | | |
| Division of Social Services | | | | | | |
| Administration | | | | | | |
| Medical Assistance Program | 93.778 | 1228467.21 | 1,381,373 | 490 | - | 566,595 |
| Total Medical Assistance Program | | | <u>1,381,373</u> | <u>490</u> | <u>-</u> | <u>566,595</u> |
| Division of Social Services | | | | | | |
| Administration | | | | | | |
| State Children's Insurance Program - N.C. Health Choice | 93.767 | | 38,695 | 461 | - | 2,003 |
| Total U.S. Dept. of Health and Human Services | | | <u>4,496,197</u> | <u>66,437</u> | <u>-</u> | <u>1,829,182</u> |
| Total Federal Awards | | | | | | |
| | | | \$ 6,081,091 | \$ 66,437 | \$ - | \$ 2,449,854 |
| State Awards: | | | | | | |
| N.C. Department of Administration | | | | | | |
| Veterans Service | | | | | | |
| Total N. C. Department of Administration | | | <u>-</u> | <u>2,182</u> | <u>-</u> | <u>-</u> |
| N.C. Dept. of Health and Human Services | | | | | | |
| Division of Social Services: | | | | | | |
| Non Allocating County Cost | | | - | - | - | 99,726 |
| County Fund Programs | | | - | - | - | 629,465 |
| St Child Welfare/CPS/CS | | | - | 94,295 | - | - |
| DCD Smart Start | | | - | 40,287 | - | - |
| Energy Assist Private | | | - | 7,878 | - | - |
| AFDC Incentive Program Integrity | | | - | 383 | - | - |
| SFHF Maximization | | | - | 1,256 | - | 1,256 |
| State Foster Home | | | - | 29,297 | - | 29,297 |
| Total Division of Social Services | | | <u>-</u> | <u>173,396</u> | <u>-</u> | <u>759,744</u> |
| Passed-through Kerr-Tar Regional Council of Governments | | | | | | |
| Division of Aging and Adult Services | | | | | | |
| State Appropriation | | | | | | |
| | | | - | 10,574 | - | - |
| HCCBG-Access | | | | | | |
| | | | - | 11,808 | - | - |
| HCCBG-Home Delivery Meals | | | | | | |
| | | | - | 35,063 | - | - |
| HCCBG-In-Home Support Services | | | | | | |
| | | | - | 90,589 | - | - |
| Total Division of Aging and Adult Services | | | <u>-</u> | <u>148,034</u> | <u>-</u> | <u>-</u> |
| Total N.C. Dept. of Health and Human Services | | | <u>-</u> | <u>321,430</u> | <u>-</u> | <u>759,744</u> |
| N.C. Dept. of Commerce | | | | | | |
| NC Ready Sites Grant | | | | | | |
| | | | - | 1,528,997 | - | - |
| Total N.C. Dept of Commerce | | | <u>-</u> | <u>1,528,997</u> | <u>-</u> | <u>-</u> |
| N.C. Dept. of Environmental Quality | | | | | | |
| Division of Waste Management | | | | | | |
| Scrap Tire Fund SWMG | | | | | | |
| | | | - | 11,637 | - | - |
| Electronics Management | | | | | | |
| | | | - | 2,663 | - | - |
| Total of N.C. Dept. of Environmental Quality | | | <u>-</u> | <u>14,300</u> | <u>-</u> | <u>-</u> |

Vance County
Schedule of Expenditures of Federal and State Awards
For The Fiscal Year Ended June 30, 2020

| <u>Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>State/ Pass-through Grantor's Number</u> | <u>Fed (Direct & Pass-through Expenditures</u> | <u>State Expenditures</u> | <u>Provided to Subrecipients</u> | <u>Local Expenditures</u> |
|---|------------------------------------|---|--|-------------------------------|--|-------------------------------|
| <u>N.C. Department of Public Safety</u> | | | | | | |
| Juvenile Crime Prevention Commission | | | | | | |
| JCPC Admin | | | - | 6,569 | - | - |
| Henderson-Vance Prevention Services | | | - | 95,000 | 95,000 | 67,678 |
| Friends of Youth (Teen Court) | | | - | 35,184 | 35,184 | 31,190 |
| Boys and Girls Club | | | - | 31,126 | 31,126 | 2,113 |
| Youth Villages | | | - | 15,542 | 15,542 | 1,554 |
| Total of N.C. Dept. of Public Safety | | | - | 183,421 | 176,852 | 102,535 |
| <u>N.C. Department of Insurance</u> | | | | | | |
| SHIIP Grant | | | - | 3,736 | - | - |
| Total of N.C. Department of Insurance | | | - | 3,736 | - | - |
| <u>N.C. Department of Public Instruction</u> | | | | | | |
| Public School Building Capital Fund-Lottery Proceeds | | | - | 384,776 | - | - |
| Total N.C. Department of Public Instruction | | | - | 384,776 | - | - |
| Total State Awards | | | \$ - | \$ 2,438,842 | \$ 176,852 | \$ 862,279 |
| Total Federal and State Awards | | | \$ 6,081,091 | \$ 2,505,279 | \$ 176,852 | \$ 3,312,133 |

Notes to the Schedule of Expenditures of Federal and State Awards

Note 1: Basis of Presentation

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

Vance 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

| <u>Program Title</u> | <u>CFDA No.</u> | <u>Federal</u> | <u>State</u> |
|---|-----------------|----------------|--------------|
| Supplemental Nutrition Assistance | 10.551 | 19,494,928 | - |
| Special Supplemental Nutrition Program for Women Infant and Children | 10.557 | 1,220,737 | - |
| Temporary Assistance for Needy | 93.558 | 453,256 | - |
| Adoption Assistance | 93.659 | 137,063 | 31,628 |
| Children's Health Insurance Program | 93.767 | 1,622,155 | 126,030 |
| Medical Assistance Program | 93.778 | 81,164,023 | 37,362,517 |
| Child Welfare Services Adoption | | - | 110,523 |
| SAA/SAD HB 1030 | | - | 34 |
| SC/SA Domiciliary Care | | - | 315,045 |

Note 6: Coronavirus Relief Funds

Vance County received \$974,599 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$864,333 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Vance 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, 2020.