

ANNUAL FINANCIAL REPORT

# WASHINGTON COUNTY

North Carolina



FOR YEAR ENDED  
JUNE 30, 2020

WASHINGTON COUNTY, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2020

COUNTY MANAGER

Curtis S. Potter

BOARD OF COUNTY COMMISSIONERS

D. Cole Phelps - Chair

Jennifer C. Riddick

Julius Walker, Jr.

Tracey Johnson

William R. Sexton, Jr.

COUNTY OFFICIALS

Missy Dixon  
Finance Officer

Sherri Wilkins  
Tax Administrator

Curtis S. Potter  
County Attorney

Julie Bennett  
Clerk to Board

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# **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

Members of the Board of Commissioners  
Washington County, 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 Washington County, North Carolina (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington County ABC Board, which represents 79.67%, 72.41%, and 87.83%, respectively, of the assets, net position, and 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 Washington 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 the Washington County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

**Members**

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



## ***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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Emergency Medical Services 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 County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, the Schedule of Changes in the County's Net Pension Liability – Hospital Pension, the Schedule of County Contributions – Hospital Pension, the Schedule of Pension Investment Returns – Hospital Pension, the Schedule of the County's Proportionate Share of Net OPEB Liability, and the Schedule of County Contributions – OPEB Plan, on pages 4-14 and 80-90, 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 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, the statistical section, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 25, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the County's 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's internal control over financial reporting and compliance.

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

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 25, 2020

## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Financial Highlights:** At the close of the fiscal year ending June 30, 2020:

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,931,532 (*total net position*)
- The County's total net position increased by \$7,477,822 over the prior fiscal year ended June 30, 2019. This was primarily because the County received grant funds for airport capital projects.
- The County's governmental funds reported combined ending fund balances of \$10,773,553 after a net increase of \$973,921 over the prior fiscal year ended June 30, 2019. Approximately 48.36% or \$5,209,762 of this total amount is restricted, committed, or assigned for a particular purpose.
- Unassigned fund balance for the County's General Fund was \$5,446,620 or approximately 38.67% of the combined \$13,465,595 in total general fund expenditures and \$621,016 in transfers out of the general fund.
- The County's total long term debt and liabilities increased by \$1,867,324 from the prior fiscal year ended June 30, 2019 and is described in more detail within Note III(B) to the financial statements.

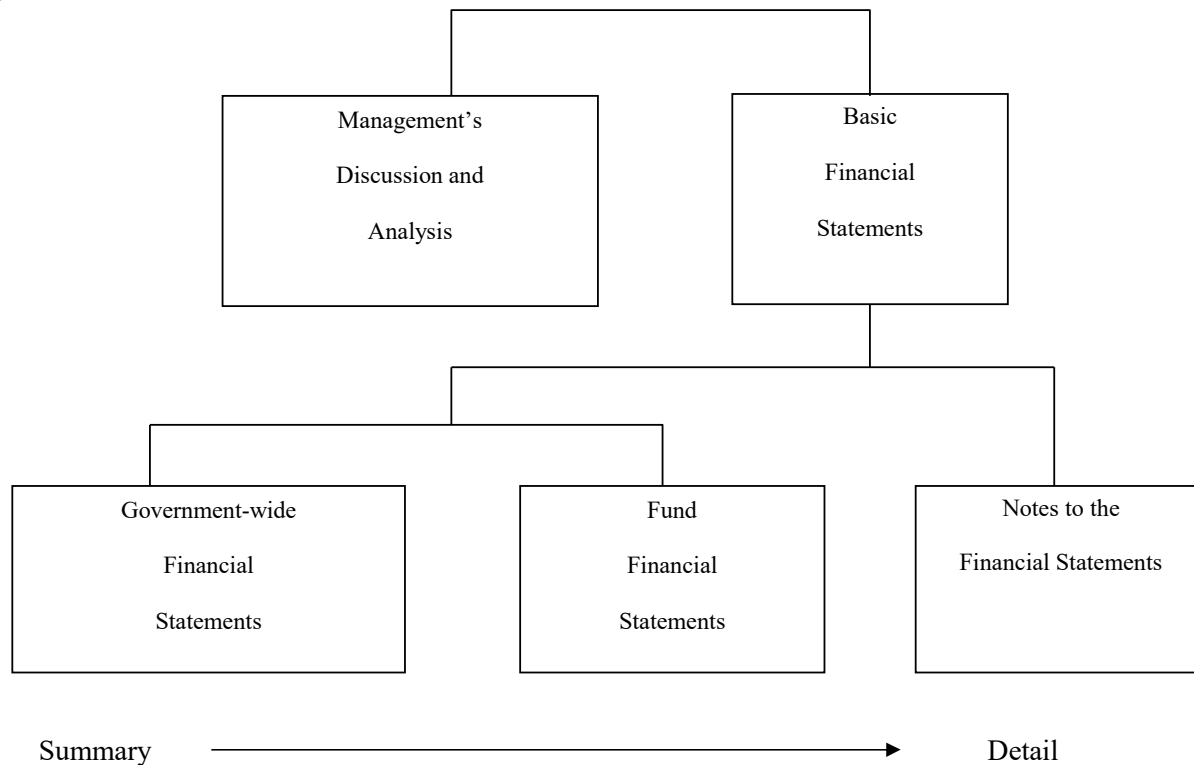
### Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to Washington County's basic financial statements. The County's basic financial statements consist of three components; 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Washington County.

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Required Components of Annual Financial Report**

Figure 1



**Basic Financial Statements**

The Government-wide Financial Statements are comprised of the first two statements (*Statement of Net Position & Statement of Activities*). They provide both short and long-term information about the County's financial status.

The Fund Financial Statements are comprised of the remaining statements and focus on the activities of the individual parts of the County's government. They provide more detail than the government-wide statements.

The Notes to Financial Statements explain in more detail some of the data contained in the statements.

Following the notes, certain required 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 and reported in one "Nonmajor Governmental Funds" column on the basic financial statements.

Budgetary information required by the General Statutes and other information about the County's pension plans and OPEB liabilities can also be found in this section.

## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

### **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 total of the County's 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 further 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, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide services. These include water and sanitation services offered by Washington County. The final category is the component units. The County ABC Board and the Tourism Authority are legally separate from the County, however the County is financially accountable for these Boards by appointing its members. Also, the ABC Board is required to distribute its profits to the County. Washington County Travel and Tourism Authority is financially dependent upon occupancy taxes levied by the County, which also appoints its Board members.

### **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. Washington 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 funds of Washington County can be divided into three categories: i) governmental funds, ii) proprietary funds or iii) 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 that provides a short-term spending focus. 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 government activities (reported in the Statement of Net position & Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Washington County adopts an annual budget 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 comparison statements provided for the General Fund, Emergency Medical Services Fund, and Other Governmental Funds 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 statements use the budgetary basis of accounting and are presented using substantially 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 within the applicable fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Washington County maintains two enterprise funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Washington County uses enterprise funds to account for its water activity and for its sanitation 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 of government. Washington County has four fiduciary funds, one of which is a pension trust fund for reporting purposes and three of which are agency funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Washington County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 80 of this report.

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Government-Wide Financial Analysis**

**WASHINGTON COUNTY'S NET POSITION**

**Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 12,710,892	\$ 11,255,988	\$ 2,723,847	\$ 2,260,059	\$ 15,434,739	\$ 13,516,047
Capital assets	19,362,506	12,349,998	6,591,846	6,854,168	25,954,352	19,204,166
Total assets	32,073,398	23,605,986	9,315,693	9,114,227	41,389,091	32,720,213
Total deferred outflows of resources	2,782,945	2,701,269	186,633	180,433	2,969,578	2,881,702
Long-term liabilities outstanding	16,777,112	14,886,073	6,456,751	6,490,100	23,233,863	21,376,173
Other liabilities	1,083,769	542,747	512,592	431,182	1,596,361	973,929
Total liabilities	17,860,881	15,428,820	6,969,343	6,921,282	24,830,224	22,350,102
Total deferred inflows of resources	4,307,532	5,432,819	289,381	365,284	4,596,913	5,798,103
Net position:						
Net investment in capital assets	19,128,384	11,997,744	2,626,385	2,652,397	21,754,769	14,650,141
Restricted	3,218,839	4,676,850	-	-	3,218,839	4,676,850
Unrestricted	(9,659,293)	(11,228,978)	(382,783)	(644,303)	(10,042,076)	(11,873,281)
Total net position	\$ 12,687,930	\$ 5,445,616	\$ 2,243,602	\$ 2,008,094	\$ 14,931,532	\$ 7,453,710

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,931,532 (total net position) as of June 30, 2020. The County's total net position increased by \$7,477,822 during the fiscal year ended June 30, 2020. One of the largest portions \$21,754,769 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was used to acquire those items). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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 \$3,218,839 portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$10,042,076) is unrestricted.

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**WASHINGTON 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	\$ 2,259,311	\$ 2,454,414	\$ 2,704,653	\$ 2,770,672	\$ 4,963,964	\$ 5,225,086
Operating grants and contributions	3,454,339	3,249,835	89,532	321,324	3,543,871	3,571,159
Capital grants and contributions	7,863,759	1,335,212	-	-	7,863,759	1,335,212
General revenues:						
Property taxes	8,271,032	8,437,130	-	-	8,271,032	8,437,130
Local option sales tax	2,022,150	1,921,267			2,022,150	1,921,267
Other taxes	341,865	313,875	-	-	341,865	313,875
Interest earnings	92,391	153,641	931	1,483	93,322	155,124
Miscellaneous	120,091	7,864	-	-	120,091	7,864
Total revenues	24,424,938	17,873,238	2,795,116	3,093,479	27,220,054	20,966,717
Expenses:						
General government	2,939,389	2,152,380	-	-	2,939,389	2,152,380
Public safety	3,947,911	3,631,867	-	-	3,947,911	3,631,867
Economic and physical development	639,321	734,089	-	-	639,321	734,089
Human services	6,666,609	5,973,535	-	-	6,666,609	5,973,535
Cultural and recreation	566,151	569,042	-	-	566,151	569,042
Education	2,384,881	2,610,000	-	-	2,384,881	2,610,000
Interest on long-term debt	8,362	13,379	-	-	8,362	13,379
Sanitation	-	-	1,400,764	1,416,144	1,400,764	1,416,144
Water	-	-	1,188,844	1,461,338	1,188,844	1,461,338
Total expenses	17,152,624	15,684,292	2,589,608	2,877,482	19,742,232	18,561,774
Increase (decrease) before transfers	7,272,314	2,188,946	205,508	215,997	7,477,822	2,404,943
Transfers	(30,000)	-	30,000	-	-	-
Change in net position	7,242,314	2,188,946	235,508	215,997	7,477,822	2,404,943
Net position, beginning	5,445,616	3,256,670	2,008,094	1,792,097	7,453,710	5,048,767
Net position, ending	\$ 12,687,930	\$ 5,445,616	\$ 2,243,602	\$ 2,008,094	\$ 14,931,532	\$ 7,453,710



## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental activities:** Governmental activities increased the County's net position by \$7,242,314 accounting for approximately 96.85% of the total net position increase. Key elements of this increase are as follows:

- Continued diligence in the collection of property taxes illustrated by achieving an overall collection percentage of approximately 95.71%.
- \$7,122,745 investment in the expansion of the County owned and operated Plymouth Municipal Airport Parallel Taxiway Project using federal grant funds.
- Continued collection of substantial temporary tax revenues from utility pipeline inventory stored and taxed within the County for eventual use in an out of county pipeline project.
- Continued increases in the amount of overall sales tax revenues.
- Management's continuing proactive stance and policy to monitor countwide spending to hold expenses within budget.

**Business-type activities.** Business-type activities increased the County's net position by \$235,508 accounting for approximately 3.15% of the total net position increase. Key elements of this increase are as follows:

- Decrease in expenditures

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

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

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

The General Fund is the chief operating fund of Washington County. At the end of the fiscal year ended June 30, 2020, the County's total General Fund fund balance reached \$8,293,894 which is a \$568,074 or (7.35%) increase over the \$7,725,820 total General Fund fund balance at the beginning of that fiscal year.

The Governing Body of Washington County has officially adopted a policy that the County should maintain a minimum available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. Additionally, County management has consistently advised that a fund balance of 18% to 22% is more appropriate for a jurisdiction of Washington County's size and characteristics. The County currently has an unassigned available fund balance of \$5,446,620 or approximately 38.67% of the combined \$13,465,595 in total general fund expenditures and \$621,016 in transfers out of the general fund for the fiscal year ended June 30, 2020. Total fund balance represents approximately 58.88% of that same amount.

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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 total budgeted revenues by \$1,754,548 associated primarily with restricted intergovernmental revenues received for state and/or federal grants and appropriated fund balance.

**Proprietary Funds.** Washington County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Water and Sanitation Funds amounted to (\$382,783). The total increase in net position for these funds was \$235,508. Net position in the Water Fund increased by \$275,967 primarily due to a reduction in overall expenses and in transfers out of this fund, while net position in the Sanitation Fund decreased by \$40,459, primarily due to an increase in estimated landfill post closure liability expense.

- For the fiscal year ended June 30, 2020 the monthly water rates remained unchanged at \$24 per account for an average  $\frac{3}{4}$  inch connection base rate including an initial 2,000 gallons of water, and a consumption rate of \$13.00 per 1,000 gallons of water used afterwards.
- For the fiscal year ended June 30, 2020, the solid waste user fee remained unchanged at \$275 per household for curbside sanitation and recycling pickup services and availability and use of the county owned and operated C&D landfill.

**Capital Asset and Debt Administration**

**Capital Assets.** Washington County's capital assets for its governmental and business – type activities as of June 30, 2020, totals \$25,952,352 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

**WASHINGTON COUNTY'S CAPITAL ASSETS**  
**(net of depreciation)**  
**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,371,800	\$ 2,371,800	\$ 330,158	\$ 330,158	\$ 2,701,958	\$ 2,701,958
Buildings and improvements	8,075,626	8,216,477	6,161,661	6,402,351	14,237,287	14,618,828
Machinery and equipment	649,001	733,643	93,382	106,603	742,383	840,246
Vehicles	955,264	747,044	6,645	15,056	961,909	762,100
Construction in progress	7,310,815	281,034	-	-	7,310,815	281,034
Total	\$ 19,362,506	\$ 12,349,998	\$ 6,591,846	\$ 6,854,168	\$ 25,954,352	\$ 19,204,166

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset transactions during the year include:

- Airport Parallel Taxiway Improvement Project
- 5 new Sheriff Vehicles (2 Rams, 3 Chargers)
- 1 new EMS Ambulance
- 2 new 20' Public Transportation Vans
- 2 new DSS Vehicles

Additional information on the County's capital assets can be found in Note III(A) to the financial statements.

**Long-term Debt.** As of June 30, 2020, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of \$3,573,567, all of which will be repaid from future water revenues.

**WASHINGTON COUNTY'S OUTSTANDING DEBT**

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement agreements	\$ 234,122	\$ 352,254	\$ -	\$ -	\$ 234,122	\$ 352,254
Revenue bonds	-	-	3,573,567	3,781,884	3,573,567	3,781,884
Direct Borrowing agreements	-	-	391,894	419,887	391,894	419,887
Closure & post-closure costs	-	-	1,954,397	1,825,642	1,954,397	1,825,642
Compensated absences	436,469	505,184	31,276	24,341	467,745	529,525
Net pension liability (LGERS)	1,982,315	1,863,184	136,607	128,397	2,118,922	1,991,581
Net pension liability (LEOSSA)	227,178	204,301	-	-	227,178	204,301
Net pension liability (Hospital)	5,115,277	4,152,491	-	-	5,115,277	4,152,491
Net OPEB liability	8,901,415	7,926,792	613,422	546,258	9,514,837	8,473,050
<b>Total</b>	<b>\$ 16,896,776</b>	<b>\$ 15,004,206</b>	<b>\$ 6,701,163</b>	<b>\$ 6,726,409</b>	<b>\$ 23,597,939</b>	<b>\$ 21,730,615</b>

Washington County's total debt and liabilities increased by \$1,867,324 during the past fiscal year primarily due to principal payments on outstanding debt offset by increases in net pension and OPEB liabilities.

Additional information regarding Washington County's long-term debt can be found in Note III(B) to the financial statements.

WASHINGTON COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

- The NC Department of Commerce continues to designate Washington County as Tier 1 pursuant to the Development Tier Rankings System implemented pursuant to NCGS 153B-437.08. This designation and the data it is based upon clearly indicate the County is currently classified as one of the more economically distressed communities within the state, but is also used for a variety of purposes including funding eligibility criteria for certain economic and community development assistance grants and loans programs which are prioritized in part based on need according to designated Tier status. The following information is taken from the NC 2020 Tiers Memo published by the NC Department of Commerce on 12/2/19.
  - The County continues to face significant population decline which increased by (0.58%) from (2.41%) for the three year period ending July 2017 to (2.99%) for the same comparable period ending July 2018. This equates to a (1%) annual estimated decline.
  - However, the estimated median annual household income increased \$804 from \$35,367 in 2016 to \$36,171 in 2017.
  - Additionally the estimated average annual unemployment rate also improved 0.12% from 6.2% for the year ending October 2018 to 6.08% for the year ending October 2019.
  - The overall economic distress ranking for Washington County remained unchanged.
- According to the most recent US Census Estimate Data (V2019) Washington County's estimated overall poverty levels have also fallen 3.7% from 24.8% reported for the 2013-2017 period to 21.1% reported for the more recent 2014-2018 period.
- Agricultural operations continue to serve as one of the County's primary economic strengths. According to the 2019 edition of the annual "NC Agricultural Statistics" or 2019 Ag Stat Book for the 2018 crop year, agricultural operations within the County generated an estimated \$74,366,900 in combined cash receipts, of which \$55,274,131 was generated by Crops, and \$15,988,476 was generated by Livestock, Dairy, and Poultry. The County was ranked 45th in total statewide cash receipts.
- The Solar Farm Industry continues to expand its footprint within the County. There are currently two active solar farms consisting of an estimated 261 acres generating an estimated 20.5MW in solar energy. An additional 700 acre 80MW farm is under active construction, and two additional projects which have received approvals are expected to utilize an additional 5,090 acres to generate an additional 504MW of solar energy. Although not universally popular, each acre of farmland developed into a solar farm currently yields higher average annual revenues for the county than it would if left in deferred use agricultural status.

## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Washington Regional Medical Center (formerly known and owned by the County as the Washington County Hospital) serves as a vital component of the County's economy and healthcare system. The facility has been purchased by Affinity Health Partners following a long period of instability and uncertainty after the initiation of an involuntary bankruptcy proceeding that permitted the hospital to temporarily continue operating for almost a year under an appointed bankruptcy trustee. Although the hospital continues to face significant challenges posed under the current regulatory and economic environment for small rural CAH hospitals, thus far under new ownership, the facility has undergone several major improvements, staffing has been maintained, and services have expanded including without limitation significant COVID19 related services.
- The County recently completed its water/sewer infrastructure connections for its Commerce Shell Building located along Morratock Rock which also provides the opportunity to service potential additional industrial buildings or sites along Airport and Morratock Roads in the future. For FY21 the County anticipates leasing or selling its Commerce Building for the purpose of facilitating economic development and/or industrial expansion within the County.
- The County continues to pursue as one of its primary capital improvement goals, the completion of the planned expansion of water capacity infrastructure from its treatment facility in Roper, NC to the Pea Ridge, NC area in order to improve and increase service capacity for anticipated future residential development along and near the Albemarle Sound.

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

#### **Government Activities:**

The FY21 Ad valorem and Special Watershed Improvement Tax Rates remained unchanged at \$0.845 per \$100 of assessed value and \$0.01 per \$100 of assessed value respectively.

The FY21 General Fund budget as originally adopted for FY21 was \$15,155,370 compared to the final total amended General Fund budget for FY20 of \$15,449,065 and included:

- A fund balance appropriation of \$1,093,042 due largely to the need to use these funds to balance the budget after significant reductions were made to the forecast revenues due to potential impacts of the Coronavirus/COVID19 worldwide health pandemic.
- Allocations to the Washington County School System of \$1,735,000 for current expenses, and \$400,000 for Capital Outlay Funds.
- \$320,000 allocated for the Retirement Pension Plan for former Washington County Hospital Employees based on an actuarially determined minimum annual contribution to fund the plan through termination over a 20 year period.
- Major Capital Outlay Item Allocations included: \$20,000 for HVAC replacements/repairs, \$22,500 for Detention plumbing repairs, \$36,876 to lease and upfit 3 replacement vehicles for Sheriff's Office, \$42,000 to replace the primary Emergency Management Director's Vehicle, and \$160,000 to replace 2 public transit vehicles.

## WASHINGTON COUNTY, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

- Major transfers included: \$120,000 in from the Water Fund based on the most recently conducted annual cost allocation report and cost allocation balances, \$33,000 out to the revaluation fund, \$94,317 (1 collected cent of projected tax revenue) out to the Airport Fund, and \$282,951 (3 collected cents fo projected tax revenue) out to the EMS Fund.
- Fund 60 was created as a Special Revenue Fund at the end of FY20 and is used again in FY21 to account for the Coronavirus Relief Funding received from various state/federal sources for use toward Coronavirus/COVID19 impact mitigation measures in accordance with applicable regulations.

### **Business Type Activities:**

The original FY21 Water Fund budget totals \$1,337,000 which is a \$10,000 decrease from the original FY20 budget of \$1,347,500.

- The base rate and consumption rate water charges did not change from FY20 for FY21.
- \$30,000 was allocated to replace one utilities vehicle
- \$30,000 was allocated to install perimeter fencing at the water treatment facility
- A cost allocation of \$120,000 was transferred out to the general fund based on the most recently conducted annual cost allocation report, and cost allocation balances.

The original FY21 Sanitation Fund budget totals \$1,329,809 which is a \$25,816 decrease from the original FY20 budget of \$1,355,625.

- The \$275 annual solid waste user fee did not change from FY20 to FY21.
- \$60,000 was allocated to begin expansion of the next phase of the C&D Landfill.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the monies it receives 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 Finance Officer, Washington County, 120 Adams Street, Courthouse, Post Office Box 1007, Plymouth, NC 27962. You can also call (252) 793-3523, visit our website at <http://www.washconc.org> or send an email to [mdixon@washconc.org](mailto:mdixon@washconc.org) for more information.

BASIC  
FINANCIAL STATEMENTS

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Washington Travel and Tourism Authority	Washington County ABC	Total Reporting Unit
<b>ASSETS</b>						
Cash and cash investments	\$ 10,142,659	\$ 2,024,259	\$ 12,166,918	\$ 32,763	\$ 290,425	\$ 12,490,106
Taxes receivable (net)	902,059	-	902,059	-	-	902,059
Accounts receivables (net)	320,439	524,828	845,267	17,142	-	862,409
Due from other governments	1,103,284	6,859	1,110,143	-	-	1,110,143
Due from primary government	-	-	-	66,999	-	66,999
Internal balances	84	(84)	-	-	-	-
Prepaid assets	117,171	-	117,171	-	-	117,171
Inventories	-	11,684	11,684	-	153,851	165,535
Net pension asset	14,518	-	14,518	-	-	14,518
Restricted cash and cash equivalents	110,678	156,301	266,979	-	-	266,979
Capital assets:						
Non-depreciable	9,682,615	330,158	10,012,773	-	-	10,012,773
Depreciable, net of depreciation	9,679,891	6,261,688	15,941,579	-	13,965	15,955,544
Total capital assets	19,362,506	6,591,846	25,954,352	-	13,965	25,968,317
Total assets	\$ 32,073,398	\$ 9,315,693	\$ 41,389,091	\$ 116,904	\$ 458,241	\$ 41,964,236
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ 1,262,548	\$ 81,858	\$ 1,344,406	\$ -	\$ 18,021	\$ 1,362,427
OPEB related items	1,520,397	104,775	1,625,172	-	-	1,625,172
Total deferred outflows of resources	\$ 2,782,945	\$ 186,633	\$ 2,969,578	\$ -	\$ 18,021	\$ 2,987,599
<b>LIABILITIES</b>						
Accounts payable	\$ 119,919	\$ 81,110	\$ 201,029	\$ 1,726	\$ 96,905	\$ 299,660
Accrued liabilities	342,373	19,724	362,097	-	-	362,097
Due to component unit	66,999	-	66,999	-	-	66,999
Customer deposits	-	156,301	156,301	-	-	156,301
Interest payable	3,186	11,045	14,231	-	-	14,231
Unspent CARES Act Funding	431,628	-	431,628	-	-	431,628
Long-term liabilities:						
Due within one year	119,664	244,412	364,076	-	-	364,076
Due in more than one year	16,777,112	6,456,751	23,233,863	-	65,259	23,299,122
Total long-term liabilities	16,896,776	6,701,163	23,597,939	-	65,259	23,663,198
Total liabilities	\$ 17,860,881	\$ 6,969,343	\$ 24,830,224	\$ 1,726	\$ 162,164	\$ 24,994,114
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred tax revenue	\$ 59,843	\$ -	\$ 59,843	\$ -	\$ -	\$ 59,843
Pension related items	124,370	5,231	129,601	-	11,850	141,451
OPEB related items	4,123,319	284,150	4,407,469	-	-	4,407,469
Total deferred inflows of resources	\$ 4,307,532	\$ 289,381	\$ 4,596,913	\$ -	\$ 11,850	\$ 4,608,763
<b>NET POSITION</b>						
Net investment in capital assets	\$ 19,128,384	\$ 2,626,385	\$ 21,754,769	\$ -	\$ 13,965	\$ 21,768,734
Restricted for:						
Stabilization by State Statute	1,086,683	-	1,086,683	84,141	-	1,170,824
Public safety	592,645	-	592,645	-	-	592,645
Education	833,250	-	833,250	-	-	833,250
Economic and physical development	213,102	-	213,102	-	-	213,102
Human Services	493,159	-	493,159	-	-	493,159
Capital improvements	-	-	-	-	10,000	10,000
Working capital	-	-	-	-	36,258	36,258
Unrestricted (deficit)	(9,659,293)	(382,783)	(10,042,076)	31,037	242,025	(9,769,014)
Total net position	\$ 12,687,930	\$ 2,243,602	\$ 14,931,532	\$ 115,178	\$ 302,248	\$ 15,348,958



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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position						
					Primary Government			Component Units			
			Operating	Capital				Washington			
Functions/Programs	Expenses	Charges for	Grants and	Grants and	Governmental	Business-type	Total	Travel and	Washington	Total	
		Services	Contributions	Contributions	Activities	Activities		Tourism	County ABC	Reporting Unit	
								Authority			
Primary government:											
Governmental Activities:											
General government	\$ 2,939,389	\$ 194,516	\$ -	\$ -	\$ (2,744,873)	\$ -	\$ (2,744,873)	\$ -	\$ -	\$ (2,744,873)	
Public safety	3,947,911	563,069	155,154	-	(3,229,688)	-	(3,229,688)	-	-	(3,229,688)	
Economic and physical development	639,321	66,085	170,698	7,122,745	6,720,207	-	6,720,207	-	-	6,720,207	
Human services	6,666,609	1,429,168	3,128,487	-	(2,108,954)	-	(2,108,954)	-	-	(2,108,954)	
Education	2,384,881	-	-	741,014	(1,643,867)	-	(1,643,867)	-	-	(1,643,867)	
Cultural and recreation	566,151	6,473	-	-	(559,678)	-	(559,678)	-	-	(559,678)	
Interest on long-term debt	8,362	-	-	-	(8,362)	-	(8,362)	-	-	(8,362)	
Total governmental activities	17,152,624	2,259,311	3,454,339	7,863,759	(3,575,215)	-	(3,575,215)	-	-	(3,575,215)	
Business-type activities:											
Sanitation	1,400,764	1,325,718	4,587	-	-	(70,459)	(70,459)	-	-	(70,459)	
Water	1,188,844	1,378,935	84,945	-	-	275,036	275,036	-	-	275,036	
Total business-type activities	2,589,608	2,704,653	89,532	-	-	204,577	204,577	-	-	204,577	
Total primary government	19,742,232	4,963,964	3,543,871	7,863,759	(3,575,215)	204,577	(3,370,638)	-	-	(3,370,638)	
Component Units:											
Travel and Tourism Authority	101,478	-	-	-	-	-	-	(101,478)	-	(101,478)	
Washington County ABC Board	863,820	901,655	-	-	-	-	-	-	37,835	37,835	
Total component units	\$ 965,298	\$ 901,655	\$ -	\$ -	-	-	-	(101,478)	37,835	(63,643)	
General revenues:											
Ad valorem taxes					8,271,032	-	8,271,032	-	-	8,271,032	
Sales and use taxes					2,022,150	-	2,022,150	-	-	2,022,150	
Occupancy taxes					-	-	-	124,871	-	124,871	
Other taxes					341,865	-	341,865	-	-	341,865	
Investment earnings					92,391	931	93,322	223	617	94,162	
Miscellaneous					120,091	-	120,091	-	191	120,282	
Transfers					(30,000)	30,000	-	-	-	-	
Total general revenues					10,817,529	30,931	10,848,460	125,094	808	10,974,362	
Change in net position					7,242,314	235,508	7,477,822	23,616	38,643	7,540,081	
Net position, beginning of year					5,445,616	2,008,094	7,453,710	91,562	263,605	7,808,877	
Net position, end of year					\$ 12,687,930	\$ 2,243,602	\$ 14,931,532	\$ 115,178	\$ 302,248	\$ 15,348,958	

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

	<u>General Fund</u>	<u>Airport Grant Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 9,411,824	\$ -	\$ 730,835	\$ 10,142,659
Taxes receivable, net	780,711	-	-	780,711
Accounts receivable	180,229	-	140,210	320,439
Due from other governments	903,541	40,586	159,157	1,103,284
Due from other funds	2,913	316,482	1,603,212	1,922,607
Restricted cash and cash equivalents	110,678	-	-	110,678
Prepaid expenses	117,171	-	-	117,171
Total assets	<u>\$ 11,507,067</u>	<u>\$ 357,068</u>	<u>\$ 2,633,414</u>	<u>\$ 14,497,549</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 101,629	\$ 9,565	\$ 8,725	\$ 119,919
Due to other funds	1,922,523	-	-	1,922,523
Accrued liabilities	281,468	-	60,905	342,373
Due to component unit	66,999	-	-	66,999
Unspent CARES Act Funds	-	-	431,628	431,628
Total liabilities	<u>2,372,619</u>	<u>9,565</u>	<u>501,258</u>	<u>2,883,442</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - ad valorem taxes	780,711	-	-	780,711
Deferred revenue - prepaid taxes	59,843	-	-	59,843
Total deferred inflows of resources	<u>840,554</u>	<u>-</u>	<u>-</u>	<u>840,554</u>
<b>Fund balances:</b>				
Nonspendable:				
Prepaid expenses	117,171	-	-	117,171
Restricted:				
Stabilization by State Statute	1,086,683	-	-	1,086,683
Public Safety	-	-	592,645	592,645
Human Services	-	-	493,159	493,159
Education	-	-	833,250	833,250
Economic and physical development	-	-	213,102	213,102
Committed:				
Tax revaluation	110,678	-	-	110,678
Assigned:				
Capital projects	-	347,503	-	347,503
Hospital pension plan	439,700	-	-	439,700
Subsequent year's expenditures	1,093,042	-	-	1,093,042
Unassigned:	5,446,620	-	-	5,446,620
Total fund balances	<u>8,293,894</u>	<u>347,503</u>	<u>2,132,156</u>	<u>10,773,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,507,067</u>	<u>\$ 357,068</u>	<u>\$ 2,633,414</u>	<u>\$ 14,497,549</u>

**Washington County, North Carolina**  
**Balance Sheet**  
**Governmental Funds with reconciliation to the Statement of Net Position**  
**June 30, 2020**

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

Total Fund Balance - Governmental Funds	\$ 10,773,553
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,362,506
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	121,348
Net Pension Asset	14,518
Deferred outflows of resources:	
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
LGERS	474,051
ROD	751
Pension related deferrals	
LGERS	713,793
ROD	5,235
LEOSSA	25,220
HOSPITAL	37,757
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	5,741
Benefit payments for the OPEB plan paid subsequent to the measurement date	336,360
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	780,711
Pension Related Deferrals	
LGERS	(75,917)
ROD	(700)
LEOSSA	(47,753)
OPEB related deferrals	(2,939,282)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(234,122)
Compensated absences	(436,469)
Net OPEB Liability	(8,901,415)
Net Pension Liability	(7,097,592)
Total Pension Liability	(227,178)
Accrued interest payable	(3,186)
Net position of governmental activities	<u>\$ 12,687,930</u>

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

	<b>General Fund</b>	<b>Airport Project Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 8,313,844	\$ -	\$ -	\$ 8,313,844
Other taxes	1,365	-	255,888	257,253
Sales taxes	2,022,150	-	-	2,022,150
Unrestricted intergovernmental	80,984	-	-	80,984
Restricted intergovernmental	3,364,377	7,122,745	959,801	11,446,923
Permits and fees	302,542	-	-	302,542
Sales and services	304,367	-	1,486,807	1,791,174
Investment earnings	92,284	-	107	92,391
Miscellaneous	172,772	-	9,850	182,622
Total revenues	<u>14,654,685</u>	<u>7,122,745</u>	<u>2,712,453</u>	<u>24,489,883</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,952,196	-	-	2,952,196
Public safety	3,693,340	-	109,652	3,802,992
Economic and physical development	187,796	-	384,047	571,843
Human services	4,069,048	-	1,960,097	6,029,145
Education	1,984,881	-	-	1,984,881
Cultural and recreational	523,981	-	-	523,981
Capital outlay	-	7,122,745	400,000	7,522,745
Debt service:				
Principal retirements	50,000	-	68,133	118,133
Interest and fiscal charges	4,353	-	5,693	10,046
Total expenditures	<u>13,465,595</u>	<u>7,122,745</u>	<u>2,927,622</u>	<u>23,515,962</u>
Excess (deficiency) of revenues over expenditures	<u>1,189,090</u>	<u>-</u>	<u>(215,169)</u>	<u>973,921</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	591,016	591,016
Transfers out	(621,016)	-	-	(621,016)
Sale of assets	-	-	30,000	30,000
Total other financing sources and uses	<u>(621,016)</u>	<u>-</u>	<u>621,016</u>	<u>-</u>
Net change in fund balance	568,074	-	405,847	973,921
Fund balances-beginning	<u>7,725,820</u>	<u>347,503</u>	<u>1,726,309</u>	<u>9,799,632</u>
Fund balances-ending	<u>\$ 8,293,894</u>	<u>\$ 347,503</u>	<u>\$ 2,132,156</u>	<u>\$ 10,773,553</u>

**Washington County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds with reconciliation to Statement of Activities**  
**For the Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$ 973,921
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	7,701,185
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.	(636,544)
Gain (Loss) on Disposals - amount by which cost exceeded accumulated depreciation on retired assets	(52,133)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	474,802
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	5,741
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	336,360
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.	118,133
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).	1,684
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	68,715
County's portion of collective pension expense	(1,854,653)
OPEB (Expense) Revenue	147,915
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 revenue	(23,101)
Increase (decrease) in accrued taxes receivable	(19,711)
Total changes in net position of governmental activities	<u>\$ 7,242,314</u>

**Washington 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			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property taxes	\$ 8,273,198	\$ 8,273,198	\$ 8,313,844	\$ 40,646
Other taxes and licenses	1,100	1,100	1,365	265
Sales tax	1,861,000	1,918,717	2,022,150	103,433
Unrestricted intergovernmental	89,500	89,500	80,984	(8,516)
Restricted intergovernmental	3,064,877	4,114,479	3,364,377	(750,102)
Permits and fees	166,700	177,290	302,542	125,252
Sales and services	437,855	444,826	304,367	(140,459)
Investment earnings	120,000	120,000	89,200	(30,800)
Miscellaneous	38,500	181,893	172,772	(9,121)
Total revenues	<u>14,052,730</u>	<u>15,321,003</u>	<u>14,651,601</u>	<u>(669,402)</u>
Expenditures				
Current:				
General government	2,846,277	2,961,197	2,775,508	185,689
Public safety	3,871,366	4,946,440	3,693,340	1,253,100
Economic and physical development	199,033	221,801	187,796	34,005
Human services	4,522,583	4,655,117	4,069,048	586,069
Cultural and recreational	562,006	589,383	523,981	65,402
Intergovernmental:				
Education	1,805,006	1,996,881	1,984,881	12,000
Contingency	10,000	-	-	-
Debt service:				
Principal retirements	70,835	70,835	50,000	20,835
Interest	7,411	7,411	4,353	3,058
Total expenditures	<u>13,894,517</u>	<u>15,449,065</u>	<u>13,288,907</u>	<u>2,160,158</u>
Revenues over (under) expenditures	<u>158,213</u>	<u>(128,062)</u>	<u>1,362,694</u>	<u>1,490,756</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	95,000	-	-	-
Transfers out	(454,016)	(654,016)	(654,016)	-
Appropriated fund balance	200,803	782,078	-	(782,078)
Total other financing sources (uses)	<u>(158,213)</u>	<u>128,062</u>	<u>(654,016)</u>	<u>(782,078)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>708,678</u>	<u>\$ 708,678</u>
Fund balances:				
Beginning of year, July 1			<u>7,474,538</u>	
End of year, June 30			<u>\$ 8,183,216</u>	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Investment Earnings			3,084	
Transfer from General Fund			33,000	
Expenditures			(176,688)	
Fund balance, beginning of year			<u>251,282</u>	
Fund balance, ending (Exhibit 4)			<u>\$ 8,293,894</u>	

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

	Sanitation Fund	Water Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,014,861	\$ 1,009,398	\$ 2,024,259
Accounts receivable (net)	346,356	178,472	524,828
Due from other governments	662	6,197	6,859
Inventories	-	11,684	11,684
Due from other funds	2,829	-	2,829
Total current assets	<u>1,364,708</u>	<u>1,205,751</u>	<u>2,570,459</u>
Noncurrent assets:			
Restricted - cash and cash equivalents	-	156,301	156,301
Capital assets:			
Nondepreciable	294,294	35,864	330,158
Depreciable (net)	49,695	6,211,993	6,261,688
Total noncurrent assets	<u>343,989</u>	<u>6,404,158</u>	<u>6,748,147</u>
Total assets	<u>1,708,697</u>	<u>7,609,909</u>	<u>9,318,606</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	15,795	66,063	81,858
OPEB related items	20,217	84,558	104,775
Total deferred outflows of resources	<u>36,012</u>	<u>150,621</u>	<u>186,633</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	79,928	1,182	81,110
Accrued liabilities	3,503	16,221	19,724
Accrued interest payable	-	11,045	11,045
Customer deposits	-	156,301	156,301
Due to other funds	-	2,913	2,913
Bonds payable	-	216,420	216,420
Note payable	-	27,992	27,992
Total current liabilities	<u>83,431</u>	<u>432,074</u>	<u>515,505</u>
Noncurrent liabilities:			
Bonds payable	-	3,357,147	3,357,147
Note payable	-	363,902	363,902
Landfill post-closure	1,954,397	-	1,954,397
Compensated absences payable	5,016	26,260	31,276
Net pension liability	26,359	110,248	136,607
Net OPEB liability	118,365	495,057	613,422
Total noncurrent liabilities	<u>2,104,137</u>	<u>4,352,614</u>	<u>6,456,751</u>
Total liabilities	<u>2,187,568</u>	<u>4,784,688</u>	<u>6,972,256</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	1,009	4,222	5,231
OPEB related items	54,829	229,321	284,150
Total deferred inflows of resources	<u>55,838</u>	<u>233,543</u>	<u>289,381</u>
<b>NET POSITION</b>			
Net investment in capital assets	343,989	2,282,396	2,626,385
Unrestricted	(842,686)	459,903	(382,783)
Total net position	<u>\$ (498,697)</u>	<u>\$ 2,742,299</u>	<u>\$ 2,243,602</u>

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

	Sanitation Fund	Water Fund	Totals
Revenues:			
Operating Revenues:			
Charges for Services	\$ 1,325,718	\$ 1,368,811	\$ 2,694,529
Tap and connection fees	-	9,641	9,641
Miscellaneous	-	483	483
Total Operating Revenues	<u>1,325,718</u>	<u>1,378,935</u>	<u>2,704,653</u>
Expenditures:			
Operating Expenses:			
Landfill and collections	1,394,416	-	1,394,416
Treatment plant	-	225,093	225,093
Operations and maintenance	-	561,305	561,305
Depreciation	6,348	255,974	262,322
Total Expenditures	<u>1,400,764</u>	<u>1,042,372</u>	<u>2,443,136</u>
Operating income (loss)	<u>(75,046)</u>	<u>336,563</u>	<u>261,517</u>
Nonoperating Revenues (Expenses)			
Restricted intergovernmental	4,587	84,945	89,532
Investment earnings	-	931	931
Interest Expense	-	(146,472)	(146,472)
Total Nonoperating Revenues (Expenses)	<u>4,587</u>	<u>(60,596)</u>	<u>(56,009)</u>
Income (Loss) before transfers	(70,459)	275,967	205,508
Transfers in	30,000	-	30,000
Transfers out	-	-	-
Change in net position	<u>(40,459)</u>	<u>275,967</u>	<u>235,508</u>
Total net position, beginning	<u>(458,238)</u>	<u>2,466,332</u>	<u>2,008,094</u>
Total net position, ending	<u>\$ (498,697)</u>	<u>\$ 2,742,299</u>	<u>\$ 2,243,602</u>



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

	Sanitation Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,312,555	\$ 1,397,272	\$ 2,709,827
Payments to suppliers	(1,112,651)	(392,588)	(1,505,239)
Payments to employees	(89,073)	(388,198)	(477,271)
Net cash provided (used) by operating activities	110,831	616,486	727,317
Cash flows from noncapital financing activities:			
Restricted intergovernmental receipts	4,587	84,945	89,532
Transfers in	30,000	-	30,000
Due to / from	(149,066)	(839,737)	(988,803)
Net cash provided (used) by noncapital financial activities	(114,479)	(754,792)	(869,271)
Cash flows from capital and related financing activities:			
Purchases and acquisition of capital assets	-	-	-
Principal payments on long-term debt	-	(236,309)	(236,309)
Interest paid	-	(147,116)	(147,116)
Net cash provided (used) by capital and related financing activities	-	(383,425)	(383,425)
Cash flows from investing activities:			
Interest received	-	931	931
Net cash provided (used) by investing activities	-	931	931
Net increase (decrease) in cash and cash equivalents	(3,648)	(520,800)	(524,448)
Cash and cash equivalents, July 1	1,018,509	1,686,499	2,705,008
Cash and cash equivalents, June 30	\$ 1,014,861	\$ 1,165,699	\$ 2,180,560
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (75,046)	\$ 336,563	\$ 261,517
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	\$ 6,348	\$ 255,974	\$ 262,322
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(13,163)	7,399	(5,764)
(Increase) decrease in inventory	-	6,330	6,330
(Increase) decrease in deferred outflows - pension	3,565	14,910	18,475
(Increase) decrease in deferred outflows - OPEB	(4,761)	(19,914)	(24,675)
Increase (decrease) in accounts payable	64,624	(1,586)	63,038
Increase (decrease) in accrued liabilities	68	(93)	(25)
Increase (decrease) in post-closure liability	128,755	-	128,755
Increase (decrease) in compensated absences payable	543	6,392	6,935
Increase (decrease) in net pension liability	1,584	6,626	8,210
Increase (decrease) in OPEB liability	12,960	54,204	67,164
Increase (decrease) in deferred inflows - pension	(8)	(33)	(41)
Increase (decrease) in deferred inflows - OPEB	(14,638)	(61,224)	(75,862)
Increase (decrease) in customer deposits	-	10,938	10,938
Total adjustments	185,877	279,923	465,800
Net cash provided (used) by operating activities	\$ 110,831	\$ 616,486	\$ 727,317

**Washington County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	Agency Funds	Pension Trust Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 83,641	\$ 93,981
Receivables	13,198	-
	<u>\$ 96,839</u>	<u>93,981</u>
<b>Liabilities and Net Position</b>		
Due to other agencies	\$ 96,839	\$ -
	<u>\$ 96,839</u>	<u>-</u>
Net position:		
Net position restricted for pension benefits		<u>\$ 93,981</u>

**Washington County, North Carolina**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	Pension Trust Fund
<b>Additions</b>	
Interest earnings	\$ -
Employer contributions	330,192
Other Income	62
Total Additions	<u>330,254</u>
<b>Deductions</b>	
Benefit payments	<u>311,979</u>
Total deductions	<u>311,979</u>
Net decrease in fiduciary net position	18,275
<b>Net position restricted for pension benefits</b>	
Beginning of year	<u>75,706</u>
End of year	<u><u>\$ 93,981</u></u>

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

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**NOTE I: Summary of Significant Accounting Policies**

The financial statements of Washington County, North Carolina (the “County”) and its discretely presented component units have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County’s significant accounting policies are described below.

**A. Reporting Entity**

The County, which is governed by a five-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. Washington County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Washington County ABC Board (the Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The Washington County Travel & Tourism Authority exists to promote tourism within the County. The members of the Authority’s Board has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County’s Annual Financial Report.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because of the significance of their operational and financial relationship with the County. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

**Discretely Presented Component Unit**

The Washington County Alcoholic Beverage Control Board (the “ABC Board”) operates retail liquor stores within the County and investigates violations of laws pertaining to retail liquor sales. The three members of the ABC Board’s governing board are appointed by the County. The ABC Board is required by State statute to distribute surpluses to the General Fund of the County. Complete separate financial statements for the ABC Board may be obtained at its administrative office:

Washington County ABC Board  
696 U.S. Highway 64 East  
Plymouth, North Carolina 27962

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

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The Washington County Travel and Tourism Authority (the “Authority”) exists to promote the growth of tourism and travel-related industry within the County. The members of the Authority’s board are appointed by the county commissioners. The Authority was created by Washington County and the County finance officer is the ex officio finance officer of the County. The majority of the Authority’s revenue is provided through the County. Separate financial statements for the Authority are not

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

Basis of Presentation, Measurement Focus - Basis of Accounting

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the County’s capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 and investment earnings, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental fund:

The **General Fund** 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 Mapping and 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

The **Airport Grant Fund** accounts for grants received to fund airport improvement projects.

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

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The County reports the following major enterprise funds:

The **Sanitation Fund** accounts for the operation, maintenance, and development of curbside collection programs, various landfills and disposal sites.

The **Water Fund** accounts for the water operations within the County.

Additionally, the County reports the following fund types:

The **fiduciary funds** consist of two types, the first is agency funds, which are custodial in nature and do not involve measurement of results of operations. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Motor Vehicle Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County, but are not revenues of the County; and the Detention Center Fund, which accounts for moneys deposited with the jail for the benefit of certain individuals. The second type of fiduciary fund is a Pension Trust Fund. The Hospital Pension Trust Fund accounts for the accumulation of resources in an irrevocable trust to be used for pension benefits for the retirees of the former Washington County Hospital Authority, Inc.

**Non-major funds.** The County maintains eight legally budgeted funds. The Emergency Telephone System, Drainage, Emergency Medical Services, Airport, NC Housing Finance Single Family Rehab, and the CRF Pandemic Recovery funds are reported as non-major special revenue funds. The School Capital Outlay fund is reported as a nonmajor capital project fund.

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 are recognized as revenues in the year for which they are levied. Revenues from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013, or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is 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 general revenues.

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

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**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Tax Mapping and Revaluation Fund, Emergency Medical Services Fund, Emergency Telephone Fund, Drainage Fund, School Capital Project Fund, and Airport Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the NC Single Family Rehab Loan Pool, CRF Pandemic Recovery Fund, and Airport Grant Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change appropriations by more than \$5,000 between unrelated departments within a single fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

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

The funds held at the North Carolina Management Trust on behalf of the Washington County Hospital, Inc. Employees' Pension Plan are not legally protected from the County and therefore does not meet the definition of an irrevocable trust. For that reason, these assets have been excluded from the GASB report provided by the consultant.

The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The NCCMT Government Portfolios are reported at fair value.



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

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2. Cash and Cash Equivalents

The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalents. The ABC Board considers demand deposits and investments with a maturity date of 90 days or less at time of purchase to be cash and cash equivalents.

3. Restricted cash and cash equivalents

The money in the Tax Mapping and Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the School Capital Projects fund is classified as restricted assets because its use is restricted per North Carolina General Statutes 159-18 through 22. The following table illustrates the breakdown of Washington County restricted cash:

Governmental Activities		
General Fund	Tax Revaluation	\$ 110,678
Total Governmental Activities		<u>\$ 110,678</u>
Business-type Activities		
Water Fund	Customer deposits	\$ 156,301
Total Business-type Activities		<u>\$ 156,301</u>
Total Restricted Cash		<u><u>\$ 266,979</u></u>

4. Ad Valorem Taxes Receivable

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

5. Allowances

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing any currently doubtful accounts as well as the percentage of receivables that are based on amounts written off in prior years.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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6. Inventories and Prepaid Items

The inventories of the County and the ABC Board are valued at cost (first-in, first-out), which approximates market. The inventory of the County's enterprise funds as well as those of the ABC Board consists of materials and supplies held for consumption or resale and is reported at lower of cost or market.

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

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

7. Capital Assets

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

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

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

	<u>Years</u>
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment and software	3

**WASHINGTON COUNTY, NORTH CAROLINA**  
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8. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that meet this criterion - pension deferrals and OPEB deferrals.

In addition to liabilities, the statement of net position will sometimes 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The County has three items that meet the criterion for this category - prepaid taxes, pension related deferrals, and OPEB related deferrals.

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

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

10. Compensated Absences

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

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

11. Net Position / Fund Balances

**Net Position**

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

**WASHINGTON COUNTY, NORTH CAROLINA**  
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**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

Prepaids - portion of fund balance that is not an available resource because it represents expenditures that have been paid in advance, so these are not spendable resources.

**Restricted Fund Balance**— This classification includes revenue sources that are restricted to specific purposes externally imposed 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 Human Services - portion of fund balance restricted for the Emergency Medical Services activities.

Restricted for Public Safety - portion of fund balance restricted for the Emergency Telephone System Fund.

Restricted for Economic and Physical Development - portion of fund balance restricted for the Drainage Fund, Airport Fund, and Single Family Rehabilitation Fund.

Restricted for Education - portion of fund balance restricted for School Capital Outlay.

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

Committed for Tax Revaluation - portion of fund balance that can only be used for Tax Revaluation.

Assigned Fund Balance – portion of fund balance that the County's governing board has budgeted.

Capital projects - portion of fund balance that is appropriated in capital project funds.

Hospital pension plan - portion of fund balance that is appropriated to cover expenses associated with the Hospital Pension Plan.

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

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

The finance officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, and county funds. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

The Governing Body of Washington County has officially adopted a policy that the County should maintain a minimum available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. Additionally, County management has consistently advised that a fund balance of 18% to 22% is more appropriate for a jurisdiction of Washington County's size and characteristics.

## **12 Defined Benefit Pension and OPEB Plans**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) and additions to/deductions from LGERS' and RODSPF's fiduciary net position have been determined on the same basis as they are reported by LGERS and RODSPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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**13. Other Postemployment Benefit (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Benefit Fund (RHBF), and additions to/deductions from RHBF's fiduciary net position have been determined on the same basis as they are reported by RHBF. 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 RHBF. Investments are reported at fair value.

**14. Management 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 amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE II: Stewardship, Compliance and Accountability**

**Expenditures in Excess of Appropriations**

None to Report.

**Deficit Net Position.**

The Sanitation Fund is reporting a deficit net position of \$498,697. The deficit is primarily attributed to the estimated closure and post-closure costs associated with the County's landfill, which have increased sharply over the last two years as the landfill has reached the limit of its currently approved capacity due to an increase in utilization related to debris from several major hurricane events and bridge replacement projects. Construction of the next permitted phase to expand the capacity of the landfill is anticipated to be completed by June 30, 2021, and is expected to substantially reduce the volatility of continuing increases in the annually estimated post closure cost of the landfill for future years, although the total liability itself is expected to gradually increase, but at a much more moderate rate than in recent years.

Management anticipates funding the current deficit over the next five years or until the deficit is satisfactorily resolved using a combination of strategies including: i.) reviewing current landfill policies and practices to increase revenues including charges to end users where justified, and to maintain or decrease current expenses, ii.) potentially recommending to the governing body that it approve the transfer of funds from the general fund to the sanitation fund for use to help offset the impact of any major non-routine capital expenses, iii.) continuing to recommend to the governing body that no further transfers of funds from the sanitation fund be made, iv.) recommend the governing body consider adopting a formal pro-active post closure expense funding policy and begin appropriating regular annual allocations pursuant to such policy toward such future expenses to help reduce the overall liability contributing to the deficit.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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NOTE III: Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2020, The County's deposits had a carrying amount of \$4,375,720 and a bank balance of \$6,712,459. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remaining balance of \$6,462,459 was covered by collateral held under the Pooling Method. The County had cash on hand totaling \$1,150.

At June 30, 2020, the carrying amount of deposits for Washington County Travel and Tourism Authority was \$32,763, and the bank balance was \$32,763. All of the bank balance was covered by federal depository insurance.

At June 30, 2020, the carrying amount of deposits for Washington County ABC Board was \$289,225, and the bank balance was \$312,135. \$284,059 of the bank balance was covered by federal depository insurance. Cash on hand amounted to \$1,200 at year end.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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**2 Investments**

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

Investment Type	Valuation Measurement Method	Fair Value	Less than 6 Months	6-12 Months	1-3 Years
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 8,140,668	\$ 8,140,668	\$ -	\$ -
Total:		\$ 8,140,668	\$ 8,140,668	\$ -	\$ -

\*Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as in investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P.

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

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

**Interest Rate Risk.** The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates.

**Credit risk.** State statutes and the County's policies authorize the County to invest in obligations of the State of North Carolina or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the North Carolina Capital Management Trust (NCCMT); and obligations of other political subdivisions of the state of North Carolina. The County does not have a credit rating policy which provides restrictions or limitations on credit ratings for the County's investments.

**Custodial credit risk.** Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2020, the County's deposits are insured or collateralized as required by GASB and state statutes.



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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,131,330	\$ 370,517	\$ 1,501,847
2017	1,192,340	283,304	1,475,643
2018	1,194,693	176,217	1,370,909
2019	1,208,452	69,486	1,277,938
Total	<u>\$ 4,726,814</u>	<u>\$ 899,523</u>	<u>\$ 5,626,337</u>

4. Receivables

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

	<u>Accounts</u>	<u>Taxes Receivable</u>	<u>Interest Receivable</u>	<u>Due from Other Govts</u>	<u>Total</u>
Governmental Activities:					
General	\$ 180,229	\$ 946,463	\$ 121,348	\$ 903,541	\$ 2,151,581
Airport Grant	-	-	-	40,586	40,586
Other Governmental	1,455,066	-	-	159,157	1,614,223
Total Receivables	1,635,295	946,463	121,348	1,103,284	3,806,390
Less allowance for uncollectible	(1,314,856)	(165,752)	-	-	(1,480,608)
Total - Governmental Activities	<u>\$ 320,439</u>	<u>\$ 780,711</u>	<u>\$ 121,348</u>	<u>\$ 1,103,284</u>	<u>\$ 2,325,782</u>
Business-type Activities					
Sanitation	\$ 402,027	\$ -	\$ -	\$ 662	\$ 402,689
Water	290,273	-	-	6,197	296,470
Total Receivables	692,300	-	-	6,859	699,159
Allowance for doubtful accounts	(167,472)	-	-	-	(167,472)
Total - Business-type Activities	<u>\$ 524,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,859</u>	<u>\$ 531,687</u>

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

Local Option Sales Tax	\$ 689,890
Sales Tax Refund	106,902
NCVTS	67,608
Other Grants	245,743
Total - Due from other Governments	<u>\$ 1,110,143</u>

**WASHINGTON COUNTY, NORTH CAROLINA**  
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5. Capital Assets

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

<u>Governmental Activities:</u>	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 2,371,800	\$ -	\$ -	\$ 2,371,800
Construction in Progress	281,034	7,122,745	92,964	7,310,815
Total capital assets not being depreciated	2,652,834	7,122,745	92,964	9,682,615
Other capital assets:				
Buildings & Improvements	11,376,608	92,964	-	11,469,572
Machinery and equipment	3,347,328	96,789	-	3,444,117
Vehicles	2,570,017	481,651	413,158	2,638,510
Total other capital assets at historical cost	17,293,953	671,404	413,158	17,552,199
Less accumulated depreciation for:				
Buildings & Improvements	3,160,131	233,815	-	3,393,946
Machinery and equipment	2,613,685	181,431	-	2,795,116
Vehicles	1,822,973	221,298	361,025	1,683,246
Total other capital assets at historical cost	7,596,789	\$ 636,544	\$ 361,025	7,872,308
Other capital assets, net	9,697,164			9,679,891
Governmental activities capital assets, net	\$ 12,349,998			\$ 19,362,506

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

Governmental Activities	
General government	\$ 55,920
Public Safety	358,783
Economic development	70,953
Human services	100,231
Recreation	50,657
	<u>\$ 636,544</u>

**WASHINGTON COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Sanitation Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 294,294	\$ -	\$ -	\$ 294,294
Total capital assets not being depreciated	294,294	-	-	294,294
Other capital assets:				
Furniture and equipment	329,802	-	-	329,802
Vehicles	58,879	-	-	58,879
Total other capital assets	388,681	-	-	388,681
Less accumulated depreciation for:				
Furniture and equipment	273,760	6,347	-	280,107
Vehicles	58,879	-	-	58,879
Total accumulated depreciation	332,639	\$ 6,347	\$ -	338,986
Total Sanitation capital assets, net	\$ 350,336			\$ 343,989

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 35,864	\$ -	\$ -	\$ 35,864
Total capital assets not being depreciated:	35,864	-	-	35,864
Other capital assets:				
Plant and distribution systems	11,102,839	-	-	11,102,839
Furniture and equipment	262,910	-	-	262,910
Vehicles	132,024	-	-	132,024
Total other capital assets	11,497,773	-	-	11,497,773
Less accumulated depreciation for:				
Plant and distribution systems	4,700,488	240,690	-	4,941,178
Furniture and equipment	212,349	6,874	-	219,223
Vehicles	116,968	8,411	-	125,379
Total accumulated depreciation	5,029,805	\$ 255,975	\$ -	5,285,780
Total Water Fund capital assets, net	\$ 6,503,832			\$ 6,247,857
Business-type activities capital assets, net	\$ 6,854,168			\$ 6,591,846

**WASHINGTON COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**Discretely presented component units:**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 4,692	\$ -	\$ -	\$ 4,692
Total capital assets not being depreciated	4,692	-	-	4,692
Other capital assets:				
Buildings	68,273			68,273
Leasehold improvements	2,200	-	-	2,200
Equipment and Furniture	81,490	-	-	81,490
Total other capital assets	151,963	-	-	151,963
Less accumulated depreciation for:				
Buildings	64,244	360		64,604
Leasehold improvements	730	110	-	840
Equipment and Furniture	76,706	540	-	77,246
Total accumulated depreciation	141,680	\$ 1,010	\$ -	142,690
Capital assets, net	\$ 14,975			\$ 13,965

Construction Commitments

The County has an active construction project as of June 30, 2020. The project includes the Airport-Parallel Taxiway. At June 30, 2020, the County's commitment with the contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Airport-Parallel Taxiway	\$ 7,346,720	\$ 817,944

**WASHINGTON COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**B. Liabilities**

**1. Payables**

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

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 101,629	\$ 281,468	\$ 383,097
Airport Grant	9,565	-	9,565
Other Governmental	8,725	60,905	69,630
Total Governmental Activities	<u>\$ 119,919</u>	<u>\$ 342,373</u>	<u>\$ 462,292</u>
Business-Type Activities			
Sanitation	\$ 79,928	\$ 3,503	\$ 83,431
Water	1,182	16,221	17,403
Total Business-Type Activities	<u>\$ 81,110</u>	<u>\$ 19,724</u>	<u>\$ 100,834</u>

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

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

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Washington 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 Washington County's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Washington County were \$506,719 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.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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***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 \$2,118,922 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 0.0776% (measured as of June 30, 2019), which was a decrease of 0.0064% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$919,998. 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	\$ 362,813	\$ -
Net difference between projected and actual earnings on pension plan investments	51,683	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	3,138	81,149
Changes of assumptions	345,349	-
County contributions subsequent to the measurement date	506,719	-
Total	<u>\$ 1,269,702</u>	<u>\$ 81,149</u>

County contributions made subsequent to the measurement date of \$506,719 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2021	\$ 355,657
2022	90,947
2023	183,685
2024	51,545
Total	<u>\$ 681,834</u>

**WASHINGTON COUNTY, NORTH CAROLINA**  
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*Actuarial Assumptions* . The total pension liability as of June 30, 2019 was determined by the June 30, 2018 actuarial valuation 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 measurement.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate</u>
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
Total	<u>100%</u>	



**WASHINGTON COUNTY, NORTH CAROLINA**  
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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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 4,846,363	\$ 2,118,922	\$ (148,133)

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

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

**1 *Plan Description***

Washington County administers a public employee retirement system (the "Separation Allowance"), a single employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is administered by the State of North Carolina. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report is not issued for the Plan.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2018, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Active plan members	21
Total	<u>21</u>

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria, which are outlined in GASB Statement 73 paragraph 4.

Actuarial Assumptions

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

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

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

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

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.

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.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$1,914 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 \$227,178. The total pension liability was measured as of June 30, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$18,089.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 13,224	\$ 6,220
Difference between expected and actual experience	11,996	41,533
Benefit payments and administrative expenses subsequent to the measurement date	5,741	-
Total	<u>\$ 30,961</u>	<u>\$ 47,753</u>

**WASHINGTON COUNTY, NORTH CAROLINA**  
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An amount of \$5,741, reported as deferred outflows of resources related to pensions, resulting from benefit payments made 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 outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ (4,455)
2022	(4,455)
2023	(4,233)
2024	(7,885)
2025	(1,520)
Thereafter	15
Total	<u>\$ (22,533)</u>

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 245,360	\$ 227,178	\$ 210,523

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

	<b>2020</b>
Beginning balance	\$ 204,301
Service Cost	17,056
Interest	7,402
Experience differences	(6,171)
Assumption changes	6,504
Benefit payments	(1,914)
Ending balance of the total pension liability	<u>\$ 227,178</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.

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

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

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$291,251 which consisted of \$35,558 from the County for law enforcement officers and \$119,680 from the County for non-law enforcement employees. The employee's contribution was \$136,013.

d. Registers of Deeds' Supplemental Pension Fund

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

**WASHINGTON COUNTY, NORTH CAROLINA**  
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*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 \$751 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$14,518 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.0735%, which was a decrease of 0.0120% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$7,326. 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	\$ -	\$ 700
Net difference between projected and actual earnings on pension plan investments	149	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	5,086	-
Changes of assumptions	-	-
County contributions subsequent to the measurement date	751	-
Total	<u>\$ 5,986</u>	<u>\$ 700</u>

**WASHINGTON COUNTY, NORTH CAROLINA**  
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\$751 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase in 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**

2021	\$ 3,640
2022	725
2023	456
2024	(286)
Total	<u>\$ 4,535</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

Inflation	3.0 Percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment Rate of	3.75 percent, net of pension plan investment expense, including inflation

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

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

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

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one 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)	(12,001)	(14,518)	(16,647)

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. Washington County Hospital, Inc. Employees' Pension Plan

*Plan Description.* Washington County administers a public employee retirement system (the Washington County Hospital, Inc. Employees' Pension Plan), a single-employer defined benefit pension plan that provides retirement benefits to the former employees of Washington County Hospital Inc. The Plan is administered by the County Board of Commissioners who have the authority to manage the funds held in the trust. The County may amend the benefits of the Plan. As of 2007 the Plan was closed to new entrants and the benefits were frozen. Prior to January 1, 2001, the Pension Plan benefit was equal to 0.75% of Final Average Compensation times years of Benefit Service, plus excess percent (as defined below) of Final Average Compensation in excess of one-fifth of Social Security Wages times years of Benefit Service (maximum 35 years):

<u>Year of Birth</u>	<u>Excess Percent</u>
Before 1938	0.75%
1938 - 1954	0.70%
1955 & After	0.65%



**WASHINGTON COUNTY, NORTH CAROLINA**  
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After December 31, 2000, the pension plan benefit is the greater of 1) benefit formula prior to January 1, 2001 as described above, or 2) 0.80% of final average compensation times years of Benefit Service, plus 0.65% of Final average compensation in excess of Covered Compensation times years of Benefit Service (maximum 35 years). The minimum benefit is \$30 per month. Normal retirement age is 65. Final average compensation is the average of the 5 consecutive calendar years of highest compensation of the last 10 calendar years with maximum annual compensation of \$225,000. The maximum annual benefit is \$180,000. Employees may receive early retirement benefits at age 55 with 10 years of vesting service. Early retirement benefits are reduced by 1/180th (0.5555%) for the first 60 months and 1/360th (0.2777%) for the next 60 months. Upon termination, participants in the pension plan were vested according to the following schedule:

<u>Years of Service</u>	<u>Excess Percent</u>
< 6 years	0%
6 years	10%
7 years	20%
8 years	30%
9 years	40%
10 years or more	100%

The Hospital, a former component unit of Washington County, was sold on April 2, 2007. Under the terms of the sale, Washington County retained the liability for all former employee pension benefits. The Pension Plan is frozen effective March 6, 2007, and therefore, all participants are now 100% vested.

A separate financial statement was not issued for the plan. The plan's accounting policies include:

**Basis of Accounting:** The County accounts for the pension trust fund on an accrual basis. Contributions from the County are recognized when due, pursuant to formal commitments. Investment income is recognized by the plan when earned.

**Investments:** The pension trust fund only holds cash at year-end.

**Benefit Payments:** Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**Contributions:** Contributions are recognized when paid or legally due to the pension plan.

The Hospital Employee's Pension Plan assets are accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

**WASHINGTON COUNTY, NORTH CAROLINA**  
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At January 1, 2020, the Pension Plan's membership consisted of:

Retirees receiving benefits	82
Terminated plan members entitled to deferred benefits	89
Total	<u>171</u>

The plan was frozen effective March 6, 2007 and there are no active employees.

*Contributions.* The County has assumed the Hospital's liability to provide these retirement benefits to the former employees of Washington County Hospital, Inc. and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the Hospital Pension Trust Fund through appropriations made in the General Fund operating budget. The County did not contribute to the Pension Plan during the current fiscal year. There were no contributions made by employees.

Employer

The County's total pension liability, used to measure the net pension liability, for the Hospital plan was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2019. In the employer financial statements, the County used a measurement date for the net pension liability of June 30, 2019.

*Actuarial Assumptions.* The following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.22%
Mortality	Prior to 1/1/19 - RP-2000 Combined Mortality Table 1/1/19 - RP-2014 Total Dataset with adjustment of 108% for Males for ages 50-78, 124% for Males ages 79 and up, 81% for Females ages 50-78, and 113% for ages 79 and up
Salary Increases	0% - Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	4.00%, net of investment expenses, including inflation
Discount Rate	3.50%

As the plan is closed and has a small number of members, no actuarial experience study has been conducted.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's asset allocation as of June 30, 2019 are summarized in the following table:

**WASHINGTON COUNTY, NORTH CAROLINA**  
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<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
US Treasuries (Cash equivalents)	0.49%

**Discount rate.** The discount rate used to measure the total pension liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that Plan contributions are determined in accordance with the current funding method. Furthermore, it is assumed that the plan sponsor will deposit 25% of the required contribution for years 1 and 2. The 25% is based on an average of actual contributions compared to the actuarially determined contribution made over the last five years. After year 2, the plan runs out of assets and it becomes pay-as-you-go. At that point, it is assumed that the plan sponsor will fund the annual benefit payments.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the calendar year ending December 31, 2019 (or 1 year out). At that point in time the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (4.00%) was applied to year 1 (1/1/19 - 12/31/19) of projected benefit payments, as well as those funded benefit payments during 2020 and a bond rate of 3.50% was applied to benefit payments thereafter. The bond rate of 3.50% is from the Bond Buyer General Obligation 20-year Municipal Bond Index. This index reflects twenty 20-year general obligation bonds with an average Moody's rating of AA2 and an average S&P rating of AA. The discount rate used to measure total pension liability has changed from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019. The reason for this decrease is the decrease in the bond rate.

**Changes in the Net Pension Liability of the County.** The changes in the components of the net pension liability of the County for the fiscal year ended June 30, 2020, measured as of June 30, 2019, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2019	\$ 4,487,274	\$ 334,783	\$ 4,152,491
Changes for the year:			
Interest	168,692	-	168,692
Differences between expected and actual experience	62,128	-	62,128
Assumption Changes	731,966	-	731,966
Net investment income (loss)	-	-	-
Benefits payments	(259,077)	(259,077)	-
Administrative expenses	-	-	-
Net changes	703,709	(259,077)	962,786
Balances at June 30, 2020	\$ 5,190,983	\$ 75,706	\$ 5,115,277

The Plan's fiduciary net position as a percentage of the total pension liability 1.46%

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The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

**Sensitivity of the net pension liability to changes in the discount rate.** The following table presents the net pension liability of the County, calculated using the discount rate of 3.50%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
County's net pension liability	\$ 5,824,248	\$ 5,115,277	\$ 4,540,971

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

For the fiscal year ended June 30, 2020, the County recognized pension revenue of \$968,552. 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
Net difference between projected and actual earnings on pension plan investments	\$ 37,757	\$ -
Total	<u>\$ 37,757</u>	<u>\$ -</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June	
2021	\$ 14,027
2022	14,029
2023	8,048
2024	1,653
Total	<u>\$ 37,757</u>

**Plan Disclosures**

The County's total pension liability as of June 30, 2019, for the Hospital Plan, was determined by an actuarial valuation as of January 1, 2020 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2020.

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*Actuarial Assumptions.* The following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.22%
Mortality	Base Table: RP-2014 Total Dataset with adjustments of 108% for Males age 50-78, 124% for Males age 79 and up, 81% for females ages 50-78, and 113% for females ages 79 and up
Salary Increases	0% - Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	1.60%
Discount Rate	2.22%

As the plan is closed and has a small number of members, no actuarial experience study has been conducted.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
US Treasuries (Cash equivalents)	-0.38%

**Rate of return.** For the year ended June 30, 2020, the annual money weighted rate of return on investments of the Hospital Pension trust fund, net of investment expense, was 0.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount rate.** The discount rate used to measure the total pension liability was 2.22%. The projection of cash flows used to determine the discount rate assumed that Plan contributions are determined in accordance with the current funding method. Furthermore, it is assumed that the plan sponsor will deposit 30% of the required contribution for years 1 and 2. The 30% is based on an average of actual contributions compared to the actuarially determined contribution made over the last five years. After year 2, the plan runs out of assets and it becomes pay-as-you-go. At that point, it is assumed that the plan sponsor will fund the annual benefit payments.

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Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the fiscal year ending December 31, 2022 (or 3 year out). At that point in time the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (4.00%) was applied to year 1 (1/1/20 - 12/31/20) of projected benefit payments, as well as those funded benefit payments during 2021 and a bond rate of 2.21% was applied to benefit payments thereafter.

*Net Pension Liability of the County.* The components of the net pension liability of the County at June 30, 2020 were as follows:

Total Pension Liability	\$ 6,027,554
Plan Fiduciary Net Position	93,981
Net Pension Liability	<u>\$ 5,933,573</u>
Plan fiduciary net position as a percentage of the Total Pension Liability	1.56%

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following table presents the net pension liability of the County, calculated using the discount rate of 2.22%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.22%) or 1-percentage-point higher (3.22%) than the current rate:

	1% Decrease <u>(1.22%)</u>	Discount Rate <u>(2.22%)</u>	1% Increase <u>(3.22%)</u>
County's net pension liability	\$ 6,837,090	\$ 5,933,573	\$ 5,210,818

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

Washington County participates in four defined benefit pension plans: the Local Governmental Employees' Retirement System (LGERS), Law Enforcement Officers Special Separation Allowance (LEOSSA), Registers of Deeds' Supplemental Pension Fund (RODSPF), and the Washington County Hospital, Inc. Employee's Pension Plan (Hospital). The LGERS, RODSPF, and Hospital Plans are funded with qualifying trusts and accounted for by the County under GASB Statement No. 68. The LEOSSA is reported in accordance with GASB Statement No. 73. The net pension liability (asset), total pension liability, and related deferred outflows of resources and deferred inflows of resources for the LGERS, LEOSSA, RODSPF, and Hospital are summarized as follows:

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	<u><b>LGERS</b></u>	<u><b>ROD</b></u>	<u><b>LEOSSA</b></u>	<u><b>HOSPITAL</b></u>	<u><b>Total</b></u>
Proportionate share of the Net Pension Liability (Asset)	\$ 2,118,922	\$ (14,518)	\$ -	\$ 5,115,277	\$ 7,219,681
Proportionate of the Net Pension Liability (Asset)	0.0776%	0.0735%	n/a	n/a	n/a
Total Pension Liability	-	-	227,178	-	227,178
Pension Expense	919,998	7,326	18,089	968,552	1,913,965

**Deferred Outflows of Resources**

Differences between expected and actual experience	362,813	-	11,996	-	374,809
Changes of assumptions	345,349	-	13,224	-	358,573
Net difference between project and actual earnings on plan investments	51,683	149	-	37,757	89,589
Changes in proportion and differences between contributions and proportionate share of contributions	3,138	5,086	-	-	8,224
Benefit payments and administrative costs paid subsequent to the measurement date	506,719	751	5,741	-	513,211

**Deferred Inflows of Resources**

Difference between expected and actual experience	-	700	41,533	-	42,233
Changes of assumptions	-	-	6,220	-	6,220
Changes in proportion and differences between contributions and proportionate share of contributions	81,149	-	-	-	81,149

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e. Other Postemployment Benefits

*Plan Description.* The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEAs, charter schools, and some select local governments also participate. The County participates in the RHBF.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members – eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer, the State Superintendent and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

*Benefits provided.* Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two fully-insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan coverage is secondary to Medicare.

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's noncontributory premium.



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Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.27% of covered payroll for the months of July 2019 through September 2019 and 6.47% for the months of October 2019 through June 2020, which amounted to \$250,540.

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

Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which significantly changed the County's accounting for OPEB amounts. The information disclosed in this note is presented in accordance with this new standard.

At June 30, 2020, the County reported a liability of \$9,514,836 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. The total OPEB 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 OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2019, the County's proportion was 0.03007%, which was an increase from the prior year proportion by 0.00033%.

For the year ended June 30, 2020, the County recognized OPEB revenue of \$158,108. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 479,668
Changes of assumptions	457,328	2,860,577
Net difference between projected and actual earnings on pension plan investments	6,336	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	801,968	1,067,224
County contributions subsequent to the measurement date	359,540	-
Total	<u>\$ 1,625,172</u>	<u>\$ 4,407,469</u>

The amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date, of \$359,540, will be recognized as an increase of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year Ended June**

2021	\$ 929,049
2022	929,049
2023	928,133
2024	466,479
2025	(110,873)
Total	<u>\$ 3,141,837</u>

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of December 31, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation Rate	3.00%
Salary increases based on service:	Law Enforcement Officers: 8.10% grading down to 3.50%; General Employees: 5.50% grading down to 3.50%
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	
Medical	6.50% grading down to 5.00% by 2024 for non-MA and MA coverage
Prescription drug	9.50% grading down to 5.00% by 2028
Administrative costs	3.00%
Post-Retirement Mortality Rates	RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015

**WASHINGTON COUNTY, NORTH CAROLINA**  
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*Discount rate* . The discount rate used to measure the total OPEB liability for the RHBF was 3.50%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.50% was used as the discount rate used to measure the total OPEB liability. The 3.50% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

*Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate*. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability	\$ 11,306,069	\$ 9,514,836	\$ 8,079,077

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage point higher than the current

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.0% Admin)	1% Increase in Trend Rates
Total OPEB liability	\$ 7,834,057	\$ 9,514,836	\$ 11,722,856

*OPEB plan fiduciary net position* . Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

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f. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of 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 established for employees not engaged in laws enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	\$ 362,813	\$ -
Register of Deeds	-	700
LEOSSA	11,996	41,533
OPEB	-	479,668
Changes of Assumptions		
LGERS	345,349	-
Register of Deeds	-	-
LEOSSA	13,224	6,220
OPEB	457,328	2,860,577
Pensions - difference between projected and actual investment		
LGERS	51,683	-
Register of Deeds	149	-
Hospital	37,757	-
OPEB	6,336	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	3,138	81,149
Register of Deeds	5,086	-
OPEB	801,968	1,067,224

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Deferred Outflows and Inflows of Resources (continued)

Contributions to pension plan in current fiscal year		
LGERS	506,719	-
Register of Deeds	751	-
Benefit payments/administration costs paid subsequent to the measurement date		
LEOSSA	5,741	-
OPEB	359,540	-
Prepaid taxes (General)	-	59,843
Taxes receivable, net (General)	-	780,711
	<u>\$ 2,969,578</u>	<u>\$ 5,377,625</u>

4. Landfill Liabilities

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 \$1,954,397 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. Per the latest study, the County exceeded the remaining estimated cost of closure and post-closure care. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$2 million for any one occurrence, general, professional, and employment practices liability coverage of \$5 million per occurrence auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits. These pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage, with a \$750,000 annual aggregate retention. For workers' compensation, there is a per occurrence retention of \$0.

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In accordance with G.S. 159-29, the County's and Travel and Tourism Authority's employees who have access to \$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 Tax Collector are individually bonded for \$100,000 each. The Register of Deeds is individually bonded for \$50,000. The Finance Director for the Travel and Tourism Authority is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

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

The County also participates in the State Comprehensive Major Medical Plan (also referred to as the State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County offers two options: 70/30 plan is a minimum of \$25, and 80/20 plan is a minimum of \$50 for Comprehensive Major Medical Plan. As of June 30, 2020, the County had 152 active participants in the Plan. The Plan provides medical coverage with no lifetime maximum. The Insurance Plan Administrator for the fiscal year ended June 30, 2020 was North Carolina State Health Plan for medical.

**6. Contingent Liabilities**

At June 30, 2020, the County is a plaintiff in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

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7. Long-Term Obligations

a. Installment Purchases

Installment purchases serviced by the County are as follows:

February 2011 to finance the construction of a building at the Commerce Center. Payments are due annually on February 22 at an interest rate of 4.41% and mature in 2021. The building stands as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component 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) exercise all the rights and remedies of a secured party or creditor under the Deed of Trust, Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or served hereunder and under the Deed of Trust, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the Count, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses; (d) take possession of any proceeds of the property, including net proceeds, or (e) pursue any other remedy available at law or equity to the Lender.

\$ 50,000

The County entered into a direct placement installment purchase in December 2016 to finance the purchase of ambulances. Payments are due annually on December 15 at an interest rate of 2.27% and mature in 2022. The ambulances stand as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component 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) pay over any balance remaining in the project fund against outstanding required payments; and (d) avail itself if all available remedies under the agreement, including execution as provided in Section 6.03 and recovery of attorneys' fees and other

57,324

**WASHINGTON COUNTY, NORTH CAROLINA**  
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The County entered into a direct placement installment purchase in December 2017 to finance the purchase of equipment. Payments are due annually on November 30 at an interest rate of 2.25% and mature in 2023. The equipment is pledged as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component 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; or (c) avail itself if all available remedies under the agreement, including execution as provided in Section 6.03 and recovery of attorneys' fees and other expenses.

	126,798
Total serviced by the General Fund	\$ 234,122

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2021	\$ 119,664	\$ 6,367	\$ 126,031
2022	71,245	2,581	73,826
2023	43,213	972	44,185
2024	-	-	-
2025	-	-	-
Total	\$ 234,122	\$ 9,920	\$ 244,042

**b. Revolving Loan**

In June 2014, the County signed a direct borrowing note payable to the North Carolina Department of Environmental and Natural Resources in the amount of \$573,811. During fiscal year 2015, the County received loan proceeds totaling \$559,849 from the North Carolina Department of Environmental and Natural Resources Drinking Water Revolving Loan fund for the replacement of water meters for customers throughout the County. The loan is payable annually on May 1 without interest until maturity in 2034. The County agrees that any other monies due to the County from the State may be withheld by the State and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.

	\$ 391,894
Total Revolving Loan	\$ 391,894



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

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

Year Ending June 30	Business-type Activities	
	Revolving Loans	
	Principal	Interest
2021	\$ 27,992	\$ -
2022	27,992	-
2023	27,992	-
2024	27,992	-
2025	27,992	-
2026-2030	139,964	-
2031-2035	111,970	-
Total	<u>\$ 391,894</u>	<u>\$ -</u>

c. Revenue Bonds

In October 1995, the County issued a \$1,010,000 direct placement water revenue bond with a term of 39 years to finance its water works extension project. On August 26, 2013, the County issued \$776,180 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2020 was \$564,204. The revenue bonds, which mature June 2033, are reported in the Water Fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

In December 2000, the County issued a \$4,849,000 direct placement water revenue bond with a term of 40 years to finance its water works extension project. On August 26, 2013, the County issued \$4,140,000 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2020 was \$3,009,363. The revenue bonds, which mature June 2033, are reported in the water fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

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

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Revenue Bonds (continued)

Section 5.01(b) of the Bond Order requires the debt service coverage ratio to be no less than 110% of the revenue bond debt service and no less than 100% of the total district debt service obligations. The debt service coverage ratio calculation for the year ended June 30, 2020, is as follows:

Operating Revenues	\$ 1,378,935	
Operating Expenses*	786,398	
Operating income	<u>592,537</u>	
Nonoperating revenues (expenses)**	<u>86,519</u>	
Income available for debt service	679,056	
Debt service, principal and interest paid (Revenue Bond only)	\$ 355,432	
All debt service (excluding interest included in nonoperating expenditures above)		\$ 383,424
Debt service coverage ratio	191.05%	177.10%

\*Per rate covenants, this does not include depreciation expense of \$255,974.

\*\*Does not include revenue bond interest paid of \$147,115.

Year Ending June 30	Business-type Activities		
	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 216,420	\$ 139,012	\$ 355,432
2022	224,839	130,593	355,432
2023	233,585	121,847	355,432
2024	242,672	112,760	355,432
2025	252,112	103,320	355,432
2026-2030	1,415,511	361,639	1,777,150
2031-2035	988,428	77,877	1,066,305
Total	<u>\$ 3,573,567</u>	<u>\$ 1,047,048</u>	<u>\$ 4,620,615</u>

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

f. Long-Term Obligation Activity:

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
<b>Governmental Activities:</b>					
Direct purchase agreements	\$ 352,254	\$ -	\$ 118,132	\$ 234,122	\$ 119,664
Net pension liability - LGERS	1,863,184	119,131	-	1,982,315	-
Net pension liability - Hospital	4,152,491	962,786	-	5,115,277	-
Total pension liability - LEOSA	204,301	22,877	-	227,178	-
Compensated absences	505,184	-	68,715	436,469	-
Net OPEB liability	7,926,792	974,623	-	8,901,415	-
<b>Total</b>	<b>\$ 15,004,206</b>	<b>\$ 1,104,794</b>	<b>\$ 186,847</b>	<b>\$ 16,896,776</b>	<b>\$ 119,664</b>
<b>Business-type Activities:</b>					
Revenue bonds	\$ 3,781,884	\$ -	\$ 208,317	\$ 3,573,567	\$ 216,420
Direct borrowing agreement	419,887	-	27,993	391,894	27,992
Closure & post-closure liability	1,825,642	128,755	-	1,954,397	-
Net pension liability - LGERS	128,397	8,210	-	136,607	-
Net OPEB liability	546,258	67,164	-	613,422	-
Compensated absences	24,341	6,935	-	31,276	-
<b>Total</b>	<b>\$ 6,726,409</b>	<b>\$ 211,064</b>	<b>\$ 236,310</b>	<b>\$ 6,701,163</b>	<b>\$ 244,412</b>

For governmental funds, compensated absences are liquidated by the General Fund. The net pension liability – LGERS, total pension liability - LEOSA, net pension liability – Hospital, and the net OPEB liability are liquidated primarily by the General Fund.

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sanitation Fund	General Fund	\$ 2,829
General Fund	Water Fund	2,913
Emergency Management Fund	General Fund	316,482
School Capital Outlay Fund	General Fund	684,153
Drainage Fund	General Fund	46,122
Airport Grant Fund	General Fund	316,482
Airport Fund	General Fund	30,121
CRF Pandemic Recovery Fund	General Fund	431,628
Single Family Rehab Fund	General Fund	22,056
Emergency Telephone System Fund	General Fund	197,102
		<u>\$ 2,049,888</u>

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

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Interfund Balances and Activity (continued)

Due to/from component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Travel and Tourism Authority	General Fund	\$ 66,999

The above balances resulted from the time lag between the dates that funds are reimbursed for expenditures/expenses paid for on another fund's behalf. The balances are expected to be repaid within one year.

Interfund transfers:

Transfer from General Fund to Emergency Medical Fund to provide resources for services.	\$ 497,457
Transfer from General Fund to Airport Fund to provide resources for services.	93,559
Transfer from General Fund to Revaluation Fund to accumulate resources for future revaluations.	33,000
Transfer from General Fund to Sanitation Fund to provide resources for operations.	30,000
	<u>\$ 654,016</u>

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 19,362,506	\$ 6,591,846
less: long-term debt	(234,122)	(3,965,461)
add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 19,128,384</u>	<u>\$ 2,626,385</u>

E. Fund Balance

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

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

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Fund Balance (continued)

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

Total Fund Balance - General Fund	\$ 8,293,894
Less:	
Nonspendable (Prepays)	117,171
Stabilization by State Statute	1,086,683
Tax revaluation	110,678
Hospital pension plan	439,700
Subsequent year's expenditures	1,093,042
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	\$ 5,446,620

The County had no outstanding encumbrances at June 30, 2020.

NOTE IV: Joint Ventures

The County participates in a joint venture to operate Pettigrew Regional Library with four other local governments. Each participating local government appoints one board member to the five member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$186,423 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 201 E. 3rd Street, Plymouth, NC 27962.

The County also participates in a joint venture to operate Martin, Tyrell, Washington Health Department with two other local governments. The County government appoints certain board members to the board of the Health Department per State statute. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2020.

In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$199,346 to the Health Department to supplement its activities. Complete financial statements for the Health Department can be obtained from their offices at Highway 45 N, Plymouth, NC 27962.

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

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Joint Ventures (continued)

The County also participates in a joint venture to operate Trillium Health Resources with twenty-five other local governments. Each participating local government appoints certain members to the governing board of Trillium Health Resources. The County has an ongoing financial responsibility for the joint venture because Trillium Health Resources' continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Trillium Health Resources, so no equity interest has been reflected in the financial statements at June 30, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$30,000 to Trillium Health Resources to supplement its activities. Complete financial statements for Trillium Health Resources can be obtained from their office at 2096 Central Park Drive Winterville, North Carolina, 28590.

NOTE V: Jointly Governed Organizations

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of \$10,655 to the Commission during the fiscal year ended June 30, 2020.

The County, in conjunction with seven other counties, joined the Albemarle Regional Solid Waste Management Authority. The participating governments established the Authority to provide environmentally sound, cost effective management of solid waste, including storage, collection, transporting, separation, processing, recycling, and disposal of solid waste in order to protect the public health, safety and welfare. Each participating county appoints one member to the Authority's governing board. The authority also serves the municipalities within its member counties. The County paid membership fees of \$3,690 to the Authority during the fiscal year ended June 30, 2020.

NOTE VI: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

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

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**NOTE VII: Subsequent Events**

On March 10, 2020, the Governor of the State of North Carolina issued Executive Order No. 116 titled “Declaration of a State of Emergency to Coordinate Response and Protective Actions to Prevent the Spread of COVID-19”. On March 18, 2020 Washington County declared its own local State of Emergency related to the impacts of COVID-19 as a worldwide health pandemic.

Management notes that as of the date this audit is approved, the immediate financial impacts of COVID-19 relevant to Washington County’s budget and financial statements include: i.) the receipt of a significant amount of unanticipated and initially unbudgeted revenues across a number of departments from a variety of state and federal sources restricted for use toward COVID-19 relief or mitigation purposes, ii.) the creation of a separate governmental special revenue fund during the fiscal year ended June 30, 2020 to account for the receipt and expenditure of the overwhelming majority of these funds consisting primarily of \$663,155 in federal CARES ACT monies distributed directly to Washington County from the State of North Carolina, iii.) the inclusion during the initially adopted FY21 budget of a substantial appropriation of fund balance required to offset the substantial shortfall in anticipated sales tax revenues that were cautiously estimated to potentially occur in the fiscal year ending June 30, 2021 due to COVID-19 impacts on consumer purchases.

Although the estimated shortfall in sales tax revenues have not transpired to date, and presently the overall financial impacts of COVID-19 on general county operations, revenues, and expenses appears to be moderate in comparison to initial estimates and many other counties in North Carolina, Management expects the impacts of COVID-19 which cannot realistically be fully anticipated at this time given the uncertainties associated with the nature of this pandemic, to last throughout the remainder of the fiscal year ending June 30, 2021 if not beyond. Depending upon the scope and scale of actual impacts, Management also anticipates the likely possibility of continuing to receive additional unanticipated revenues from various state and federal sources restricted for use toward COVID-19 relief and/or mitigation by local government.

## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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- ~ Schedule of County's Proportionate Share of Net Pension Liability (LGERS)
- ~ Schedule of County Contributions (LGERS)
- ~ Schedule of County's Proportionate Share of Net Pension Asset (ROD)
- ~ Schedule of County Contributions (ROD)
- ~ Schedule of Changes in Total Pension Liability (LEOSSA)
- ~ Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)
- ~ Schedule of Changes in County's Net Pension Liability and Related Ratios - Hospital Pension
- ~ Schedule of County Contributions - Hospital Pension
- ~ Schedule of Pension Investment Returns - Hospital Pension
- ~ Schedule of Proportionate Share of the County's Net OPEB Liability - Retiree Health Benefit
- ~ Schedule of County Contributions - Retiree Health Benefit Fund



**WASHINGTON COUNTY**  
**Schedule of Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Seven Fiscal Years\***

	<b>Local Government Employees' Retirement System</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.07759%	0.08395%	0.09239%	0.09387%	0.09047%	0.09456%	0.87800%
County's proportion of the net pension liability (asset) (\$)	\$ 2,118,922	\$ 1,991,581	\$ 1,411,463	\$ 1,992,236	\$ 406,024	\$ (557,664)	\$ 1,058,327
County's covered payroll	\$ 5,594,314	\$ 5,461,694	\$ 5,663,037	\$ 5,676,046	\$ 5,785,207	\$ 5,669,505	\$ 5,669,505
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.88%	36.46%	24.92%	35.10%	7.02%	-9.84%	18.67%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**Schedule of County Contributions**  
**Local Government Employees' Retirement System**  
**Last Seven Fiscal Years**

	<b>Local Government Employees' Retirement System</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 506,719	\$ 438,370	\$ 415,080	\$ 420,354	\$ 382,194	\$ 411,341	\$ 400,834
Contributions in relation to the contractually required contribution	506,719	438,370	415,080	420,354	382,194	411,341	400,834
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$5,594,658	\$5,594,314	\$5,461,694	\$5,663,037	\$5,676,046	\$5,785,207	\$5,669,505
Contributions as a percentage of covered payroll	9.06%	7.84%	7.60%	7.42%	6.73%	7.11%	7.07%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**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 (asset) %	0.0735%	0.0856%	0.1319%	0.1201%	0.1233%	0.0979%	0.7441%
County's proportionate share of the net pension liability (asset) \$	\$ (14,518)	\$ (14,170)	\$ (22,512)	\$ (22,452)	\$ (28,562)	\$ (22,192)	\$ (15,894)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**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	\$ 751	\$ 3,964	\$ 732	\$ 1,146	\$ 981	\$ 986	\$ 799
Contributions in relation to contractually required contribution	<u>751</u>	<u>3,964</u>	<u>732</u>	<u>1,146</u>	<u>981</u>	<u>986</u>	<u>799</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2020**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 204,301	\$ 241,776	\$ 181,532	\$ 162,914
Service Cost	17,056	15,492	15,660	16,885
Interest on the total pension liability	7,402	7,640	7,007	5,816
Differences between expected and actuarial experience in the measurement of the total pension liability	(6,171)	(53,800)	22,838	-
Changes of assumptions and other inputs	6,504	(6,807)	14,739	(4,083)
Benefit payments	(1,914)	-	-	-
Ending balance of total pension liability	<u>\$ 227,178</u>	<u>\$ 204,301</u>	<u>\$ 241,776</u>	<u>\$ 181,532</u>

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2020**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 227,178	\$ 204,301	\$ 241,776	\$ 181,532
Covered payroll	761,006	670,259	808,505	780,374
Total pension liability as a percentage of covered payroll	29.85%	30.48%	29.90%	23.26%

Notes to the schedules:

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

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

**WASHINGTON COUNTY**  
**Schedule of Changes in the County's Net Pension Liability and Related Ratios**  
**Hospital Employee's Pension Fund**

	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total pension liability</b>								
Interest on total pension liability	\$ 176,272	\$ 168,692	\$ 152,817	\$ 155,151	\$ 170,440	\$ (5,142)	\$ 361,544	\$ 93,162
Assumption changes	877,648	731,966	(390,245)	-	1,206,409	-	-	-
Benefit payments, including refunds of employee contributions	(311,979)	(259,077)	(240,197)	(244,897)	-	-	-	-
Differences between expected and actual experience	94,630	62,128	(5,590)	13,300	18,685	-	-	-
<b>Net change in total pension liability</b>	836,571	703,709	(483,215)	(76,446)	1,395,534	(5,142)	361,544	93,162
<b>Total pension liability - beginning</b>	<u>5,190,983</u>	<u>4,487,274</u>	<u>4,970,489</u>	<u>5,046,935</u>	<u>3,651,401</u>	<u>3,656,543</u>	<u>3,294,999</u>	<u>3,201,837</u>
<b>Total pension liability - ending (a)</b>	<u>\$6,027,554</u>	<u>\$5,190,983</u>	<u>\$4,487,274</u>	<u>\$4,970,489</u>	<u>\$5,046,935</u>	<u>\$3,651,401</u>	<u>\$3,656,543</u>	<u>\$3,294,999</u>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 330,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 61,142
Net investment income	62	-	-	17,875	53,517	(12,484)	89,132	139,082
Benefit payments, including refunds of employee contributions	(311,979)	(259,077)	(240,197)	(244,897)	(235,999)	(223,043)	(212,932)	(178,194)
Administrative expenses	-	-	-	(1,502)	(15,912)	(20,289)	(23,795)	(21,934)
<b>Net change in plan fiduciary net position</b>	18,275	(259,077)	(240,197)	(228,524)	(198,394)	(255,816)	(47,595)	96
<b>Plan fiduciary net position - beginning</b>	<u>75,706</u>	<u>334,783</u>	<u>574,980</u>	<u>803,504</u>	<u>1,001,898</u>	<u>1,257,714</u>	<u>1,305,309</u>	<u>1,305,213</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 93,981</u>	<u>\$ 75,706</u>	<u>\$ 334,783</u>	<u>\$ 574,980</u>	<u>\$ 803,504</u>	<u>\$1,001,898</u>	<u>\$1,257,714</u>	<u>\$1,305,309</u>
<b>County's net pension liability - ending (a) - (b)</b>	<u>\$5,933,573</u>	<u>\$5,115,277</u>	<u>\$4,152,491</u>	<u>\$4,395,509</u>	<u>\$4,243,431</u>	<u>\$2,649,503</u>	<u>\$2,398,829</u>	<u>\$1,989,690</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	1.56%	1.46%	7.46%	11.57%	15.92%	27.44%	34.40%	39.61%
<b>Covered payroll</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>County's net pension liability as a percentage of covered payroll</b>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**WASHINGTON COUNTY**  
**Schedule of County Contributions**  
**Hospital Employee's 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>
Actuarially determined contribution	\$303,418	\$ 277,031	\$ 242,902	\$ 279,097	\$ 225,979	\$ 202,714	\$ 177,348
Contributions in relation to the actuarially required contribution	-	-	-	-	-	100,000	61,142
Contribution deficiency (excess)	<u>\$303,418</u>	<u>\$ 277,031</u>	<u>\$ 242,902</u>	<u>\$ 279,097</u>	<u>\$ 225,979</u>	<u>\$ 102,714</u>	<u>\$ 116,206</u>
County's covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

n/a - as there is no covered payroll for this plan

**Notes to the Schedule**

The schedule will present 10 years of information once it is accumulated.

The actuarially determined contribution is calculated on a plan year (calendar year) basis. The numbers displayed represent a blend of the actuarially determined contributions for the current and prior plan years. The blend is 50% of the current plan year (6 months) and 50% of the prior plan year (6 months). The actuarial assumptions included (a) 4.00% investment rate of return, and (b) projected salary increases of 0.00% per year (plan is frozen). The actuarial value of assets was determined using the market value of investments.



**WASHINGTON COUNTY**  
**Schedule of Pension Investment Returns**  
**Hospital Employee's Pension Fund**  
**For the Year Ended June 30, 2020**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses for the County's Hospital Authority Pension Plan.	0.00%	0.00%	0.00%	2.59%

Notes to the schedules:

The schedule will present 10 years of information once it is accumulated.

**WASHINGTON COUNTY**  
**Schedule of the County's Proportionate Share of the Net OPEB Liability**  
**Retiree Health Benefit Fund (OPEB Plan)**  
**For the Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net OPEB liability (%)	0.030073%	0.029742%	0.033430%	0.030390%
County's proportion of the net OPEB liability (asset) (\$)	\$9,514,836	\$ 8,473,050	\$ 10,959,935	\$ 13,222,163
County's covered payroll	5,645,459	5,083,569	5,057,138	4,890,138
County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	168.5%	166.7%	216.7%	270.4%
Plan fiduciary net position as a percentage of the total OPEB liability	4.40%	4.40%	3.52%	2.41%

Notes to the schedules:

The schedule will present 10 years of information once it is accumulated.

**WASHINGTON COUNTY**  
**Schedule of County Contributions**  
**Retiree Health Benefit Fund (OPEB Plan)**  
**For the Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 359,540	\$ 353,971	\$ 330,432	\$ 328,714
Contributions in relation to the contractually required contribution	<u>359,540</u>	<u>353,971</u>	<u>330,432</u>	<u>328,714</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 5,594,658	\$ 5,645,459	\$ 5,083,569	\$ 5,057,138
Contributions as a percentage of covered payroll	6.4%	6.3%	6.5%	6.5%

Notes to the schedules:

The schedule will present 10 years of information once it is accumulated.

## MAJOR FUNDS

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General Fund

Airport Grant - Capital Project Fund

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

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Ad valorem Taxes			
Property taxes	\$ 8,174,698	\$ 8,201,715	\$ 27,017
Tax penalties and interest	98,500	112,129	13,629
Total ad valorem taxes	8,273,198	8,313,844	40,646
Other Taxes and Licenses			
Privilege and beer licenses	600	595	(5)
Gross receipts tax	500	770	270
Total other taxes and licenses	1,100	1,365	265
Sales Tax			
Article 44 one-half of one percent	825,000	914,710	89,710
Article 40 one-half of one percent	616,073	615,764	(309)
Article 42 one-half of one percent	185,000	198,160	13,160
Redistribution	292,644	293,516	872
Total sales tax	1,918,717	2,022,150	103,433
Unrestricted Intergovernmental Revenues			
Beer and wine tax	37,000	33,458	(3,542)
ABC Board profit distribution	25,000	22,094	(2,906)
Cable franchise fees	14,000	11,799	(2,201)
Payments in lieu of taxes	13,500	13,633	133
Total unrestricted intergovernmental	89,500	80,984	(8,516)
Restricted Intergovernmental Revenues			
State grants	657,678	690,553	32,875
Federal grants	3,428,801	2,649,835	(778,966)
Court facility fees	25,000	20,361	(4,639)
ABC bottle taxes	3,000	3,628	628
Total restricted intergovernmental	4,114,479	3,364,377	(750,102)
Permits and Fees			
Building permits	46,200	186,908	140,708
Officer and sheriff fees	43,000	38,520	(4,480)
Gun permits	10,590	12,050	1,460
Register of deeds	77,500	65,064	(12,436)
Total charges for services	177,290	302,542	125,252

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

	Budget	Actual	Variance Positive (Negative)
<b>Sales and Services</b>			
Concessions	21,400	36,251	14,851
Animal adoption fees	500	695	195
School resource officer fees	169,100	149,756	(19,344)
Jail fees	214,000	78,859	(135,141)
Election fees	21,175	18,346	(2,829)
Tax collection fees	4,000	4,250	250
Senior citizens funds	9,101	8,446	(655)
Recreation fees	5,550	7,764	2,214
Total sales and services	<u>444,826</u>	<u>304,367</u>	<u>(140,459)</u>
 Investment Earnings	 120,000	 89,200	 (30,800)
 Miscellaneous			
Administrative reimbursement	3,500	3,500	-
Contributions	96,658	90,151	(6,507)
Insurance proceeds	27,617	28,288	671
Sale of fixed assets	53,933	49,371	(4,562)
Miscellaneous	185	1,462	1,277
Total miscellaneous revenues	<u>181,893</u>	<u>172,772</u>	<u>(9,121)</u>
 Total Revenues	 \$ 15,321,003	 \$ 14,651,601	 \$ (669,402)
 <b>Expenditures</b>			
 General Government:			
Governing Board			
Governing board fees	\$ 56,419	\$ 56,415	\$ 4
Operating expenditures	40,027	36,072	3,955
Total	<u>96,446</u>	<u>92,487</u>	<u>3,959</u>
 Administration			
Salaries and benefits	310,384	297,018	13,366
Operating expenditures	271,767	258,884	12,883
Total	<u>582,151</u>	<u>555,902</u>	<u>26,249</u>
 Elections			
Salaries and benefits	94,521	91,792	2,729
Operating expenditures	48,678	45,032	3,646
Total	<u>143,199</u>	<u>136,824</u>	<u>6,375</u>

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

	Budget	Actual	Variance Positive (Negative)
Finance			
Salaries and benefits	231,224	232,430	(1,206)
Operating expenditures	133,767	115,749	18,018
Total	364,991	348,179	16,812
Tax Administration			
Salaries and benefits	258,833	229,906	28,927
Operating expenditures	59,810	50,886	8,924
Total	318,643	280,792	37,851
Legal and Professional			
Contracted services	357,806	357,019	787
Total	357,806	357,019	787
Register of Deeds			
Salaries and benefits	128,818	126,595	2,223
Operating expenditures	24,890	20,206	4,684
Capital outlay	2,000	-	2,000
Total	155,708	146,801	8,907
Facility Services			
Salaries and benefits	266,146	225,051	41,095
Operating expenditures	424,721	384,896	39,825
Capital outlay	69,305	69,305	-
Total	760,172	679,252	80,920
Information Technology			
Salaries and benefits	74,221	72,822	1,399
Operating expenditures	35,340	34,012	1,328
Total	109,561	106,834	2,727
Geographic Information			
Salaries and benefits	56,170	55,597	573
Operating expenditures	16,350	15,821	529
Total	72,520	71,418	1,102
Total General Government	2,961,197	2,775,508	185,689

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

	Budget	Actual	Variance Positive (Negative)
Public safety:			
Sheriff			
Salaries and benefits	1,137,341	1,040,833	96,508
Operating expenditures	257,455	220,195	37,260
Capital outlay	191,063	166,093	24,970
Total	1,585,859	1,427,121	158,738
Communications E911			
Salaries and benefits	441,606	405,567	36,039
Operating expenditures	17,870	8,155	9,715
Total	459,476	413,722	45,754
Detention Center			
Salaries and benefits	617,340	580,886	36,454
Operating expenditures	347,196	296,883	50,313
Total	964,536	877,769	86,767
School Resource Officer - Union			
Salaries and benefits	52,990	51,791	1,199
Operating expenditures	3,940	2,223	1,717
Total	56,930	54,014	2,916
School Resource Officer - Creswell			
Salaries and benefits	52,986	23,107	29,879
Operating expenditures	4,000	869	3,131
Total	56,986	23,976	33,010
School Resource Officer - Pines			
Salaries and benefits	52,980	36,676	16,304
Operating expenditures	3,950	1,816	2,134
Total	56,930	38,492	18,438
School Resource Officer - Plymouth			
Salaries and benefits	53,371	50,606	2,765
Operating expenditures	3,950	2,379	1,571
Total	57,321	52,985	4,336
Fire Protection			
Operating expenditures	374,234	374,234	-
Total	374,234	374,234	-



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

	Budget	Actual	Variance Positive (Negative)
Planning and Inspections			
Salaries and benefits	176,809	161,999	14,810
Operating expenditures	1,045,081	174,300	870,781
Total	1,221,890	336,299	885,591
Medical Examiner			
Contracted services	16,500	15,450	1,050
Total	16,500	15,450	1,050
Forestry			
County contribution	89,475	72,979	16,496
Total	89,475	72,979	16,496
Hurricane Expenses			
Salaries and benefits	4,068	4,066	2
Operating expenditures	2,235	2,233	2
Total	6,303	6,299	4
Total Public Safety	4,946,440	3,693,340	1,253,100
Economic and Physical Development:			
Cooperative Extension Service			
Salaries and benefits	126,819	121,712	5,107
Operating expenditures	14,102	10,571	3,531
Total	140,921	132,283	8,638
Soil and Water Conservation			
Salaries and benefits	50,636	49,960	676
Operating expenditures	8,600	5,553	3,047
Total	59,236	55,513	3,723
Economic Development			
Professional services	21,644	-	21,644
Total	21,644	-	21,644
Total Economic and Physical Development	221,801	187,796	34,005
Human services:			
Contribution to District Health Department	199,346	199,346	-

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

	Budget	Actual	Variance Positive (Negative)
Mental Health			
Mental health operations	30,000	30,000	-
Total	30,000	30,000	-
Drug Court			
Operating expenditures	78,689	5,000	73,689
Total	78,689	5,000	73,689
Juvenile Justice			
Operating expenditures	95,121	93,913	1,208
Total	95,121	93,913	1,208
Social Services Administration			
Salaries and benefits	2,784,855	2,614,824	170,031
Operating expenditures	486,547	416,463	70,084
Total	3,271,402	3,031,287	240,115
Social Services			
Economic support	677,138	442,494	234,644
Total	677,138	442,494	234,644
Social Services Transportation			
Operating expenditures	262,871	232,039	30,832
Total	262,871	232,039	30,832
Community Alternatives Program			
Salaries and benefits	-	-	-
Operating expenditures	26,000	23,449	2,551
Total	26,000	23,449	2,551
Veterans Service Officer			
Salaries and benefits	10,817	10,811	6
Operating expenditures	2,460	709	1,751
Total	13,277	11,520	1,757
COVID			
Operating expenditures	1,273	-	1,273
Total	1,273	-	1,273
Total Human Services	4,655,117	4,069,048	586,069

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

	Budget	Actual	Variance Positive (Negative)
Cultural and recreational:			
Recreation			
Salaries and benefits	79,821	73,858	5,963
Operating expenditures	87,923	66,144	21,779
Capital outlay	-	-	-
Total	167,744	140,002	27,742
Senior Citizens Center			
Salaries and benefits	130,704	114,170	16,534
Operating expenditures	104,512	83,386	21,126
Total	235,216	197,556	37,660
Library			
Contribution to regional library	186,423	186,423	-
Total	186,423	186,423	-
Total Cultural and Recreational	589,383	523,981	65,402
Education:			
Public School			
Current Expense	1,817,006	1,805,006	12,000
Capital Outlay	179,875	179,875	-
Total Education	1,996,881	1,984,881	12,000
Debt service:			
Principal	70,835	50,000	20,835
Interest and fees	7,411	4,353	3,058
Total debt service	78,246	54,353	23,893
Total expenditures	15,449,065	13,288,907	2,160,158
Revenue over (under) expenditures	(128,062)	1,362,694	1,490,756
Other financing sources (uses):			
Transfers Out	(654,016)	(654,016)	-
Appropriated Fund Balance	782,078	-	(782,078)
Total other financing sources (uses)	128,062	(654,016)	(782,078)
Net change in fund balance	\$ -	708,678	\$ 708,678
Fund balance, beginning of year		7,474,538	
Fund balance, end of year		\$ 8,183,216	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 500	\$ 3,084	\$ 2,584
Total revenues	<u>500</u>	<u>3,084</u>	<u>2,584</u>
Expenditures			
General Government:			
Tax Revaluation	195,440	176,688	18,752
Total expenditures	<u>195,440</u>	<u>176,688</u>	<u>18,752</u>
Revenue over (under) expenditures	<u>(194,940)</u>	<u>(173,604)</u>	<u>21,336</u>
Other financing sources (uses):			
Transfers In	33,000	33,000	-
Reserve for reappraisal	(28,500)	-	28,500
Appropriated Fund Balance	190,440	-	(190,440)
Total other financing sources (uses)	<u>194,940</u>	<u>33,000</u>	<u>(161,940)</u>
Net change in fund balance	<u>\$ -</u>	<u>(140,604)</u>	<u>\$ (140,604)</u>
Fund balance, beginning		<u>251,282</u>	
Fund balance, ending		<u>\$ 110,678</u>	

**Washington County, North Carolina**  
**Airport Grant - Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over (Under)
Revenues:					
Restricted Intergovernmental	\$ 8,199,098	\$ 494,252	\$ 7,122,745	\$ 7,616,997	\$ (582,101)
Total revenues	<u>8,199,098</u>	<u>494,252</u>	<u>7,122,745</u>	<u>7,616,997</u>	<u>(582,101)</u>
Expenditures:					
Capital Outlay	8,199,098	281,032	7,122,745	7,403,777	795,321
Total expenditures	<u>8,199,098</u>	<u>281,032</u>	<u>7,122,745</u>	<u>7,403,777</u>	<u>795,321</u>
Revenues over (under) expenditures	<u>-</u>	<u>213,220</u>	<u>-</u>	<u>213,220</u>	<u>213,220</u>
Other financing sources:					
Transfers In	-	134,283	-	134,283	134,283
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>134,283</u>	<u>-</u>	<u>134,283</u>	<u>134,283</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 347,503</u>	<u>-</u>	<u>\$ 347,503</u>	<u>\$ 347,503</u>
Fund balances, beginning			<u>347,503</u>		
Fund balances, ending			<u>\$ 347,503</u>		

## NON-MAJOR GOVERNMENTAL FUNDS

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

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

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 730,835	\$ -	\$ 730,835
Accounts receivable (net)	140,210	-	140,210
Due from other governments	10,060	149,097	159,157
Due from other funds	919,059	684,153	1,603,212
Total assets	<u>\$ 1,800,164</u>	<u>\$ 833,250</u>	<u>\$ 2,633,414</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 8,725	\$ -	\$ 8,725
Due to other funds	-	-	-
Accrued Liabilities	60,905	-	60,905
Unspent CARES Act Funds	431,628	-	431,628
Total liabilities	<u>501,258</u>	<u>-</u>	<u>501,258</u>
<b>Fund balances:</b>			
<b>Restricted:</b>			
Public Safety	592,645	-	592,645
Education	-	833,250	833,250
Economic and Physical Development	213,102	-	213,102
Human services	493,159	-	493,159
Total fund balances	<u>1,298,906</u>	<u>833,250</u>	<u>2,132,156</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,800,164</u>	<u>\$ 833,250</u>	<u>\$ 2,633,414</u>

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

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Other taxes and license	\$ 255,888	\$ -	\$ 255,888
Restricted intergovernmental	398,662	561,139	959,801
Sales and Services	1,486,807	-	1,486,807
Investment earnings	107	-	107
Miscellaneous revenue	9,850	-	9,850
Total revenues	<u>2,151,314</u>	<u>561,139</u>	<u>2,712,453</u>
Expenditures:			
General government	-	-	-
Public safety	109,652	-	109,652
Human services	1,960,097	-	1,960,097
Economic and physical development	384,047	-	384,047
Debt service:			
Principal retirements	68,133	-	68,133
Interest and fiscal charges	5,693	-	5,693
Total expenditures	<u>2,527,622</u>	<u>-</u>	<u>2,527,622</u>
Capital outlay	<u>-</u>	<u>400,000</u>	<u>400,000</u>
Total Expenditures	<u>2,527,622</u>	<u>400,000</u>	<u>2,927,622</u>
Revenues over (under) expenditures	<u>(376,308)</u>	<u>161,139</u>	<u>(215,169)</u>
Other financing sources (uses):			
Transfers in (out)	591,016	-	591,016
Sale of fixed assets	30,000	-	30,000
Total other financing sources (uses)	<u>621,016</u>	<u>-</u>	<u>621,016</u>
Net change in fund balance	244,708	161,139	405,847
Fund balances, beginning	<u>1,054,198</u>	<u>672,111</u>	<u>1,726,309</u>
Fund balances, ending	<u><u>\$ 1,298,906</u></u>	<u><u>\$ 833,250</u></u>	<u><u>\$ 2,132,156</u></u>



**Washington County, North Carolina**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2020**

	Emergency Telephone System Fund	Drainage Fund	Emergency Medical Services Fund	Airport Fund	NCHFA Single Family Rehabilitation Loan Pool	NC Housing Finance Agency Urgent Repair Program	CRF Pandemic Recovery Fund	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 380,710	\$ 114,343	\$ 235,782	\$ -	\$ -	\$ -	\$ -	\$ 730,835
Accounts receivable (net)	13,568	-	123,405	-	3,237	-	-	140,210
Due from other governments	2,259	-	7,499	302	-	-	-	10,060
Due from other funds	197,102	46,122	192,030	30,121	22,056	-	431,628	919,059
Total assets	<u>\$ 593,639</u>	<u>\$ 160,465</u>	<u>\$ 558,716</u>	<u>\$ 30,423</u>	<u>\$ 25,293</u>	<u>\$ -</u>	<u>\$ 431,628</u>	<u>\$ 1,800,164</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 994	\$ -	\$ 7,420	\$ 311	\$ -	\$ -	\$ -	\$ 8,725
Due to other funds	-	-	-	-	-	-	-	-
Accrued Liabilities	-	-	58,137	2,768	-	-	-	60,905
Unspent CARES Act Funds	-	-	-	-	-	-	431,628	431,628
Total liabilities	<u>994</u>	<u>-</u>	<u>65,557</u>	<u>3,079</u>	<u>-</u>	<u>-</u>	<u>431,628</u>	<u>501,258</u>
<b>Fund Balances:</b>								
<b>Restricted:</b>								
Public Safety	592,645	-	-	-	-	-	-	592,645
Economic and Physical Development	-	160,465	-	27,344	25,293	-	-	213,102
Human Services	-	-	493,159	-	-	-	-	493,159
Total fund balances	<u>592,645</u>	<u>160,465</u>	<u>493,159</u>	<u>27,344</u>	<u>25,293</u>	<u>-</u>	<u>-</u>	<u>1,298,906</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 593,639</u>	<u>\$ 160,465</u>	<u>\$ 558,716</u>	<u>\$ 30,423</u>	<u>\$ 25,293</u>	<u>\$ -</u>	<u>\$ 431,628</u>	<u>\$ 1,800,164</u>

**Washington 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	Drainage Fund	Emergency Medical Services Fund	Airport Fund	NCHFA Single Family Rehabilitation Loan Pool	CRF Pandemic Recovery Fund	Total
Revenues:							
Other taxes and licenses	\$ 162,822	\$ 93,066	\$ -	\$ -	\$ -	\$ -	\$ 255,888
Restricted intergovernmental	-	49,222	221,182	-	121,476	6,782	398,662
Sales and Services	-	-	1,420,722	66,085	-	-	1,486,807
Investment earnings	-	107	-	-	-	-	107
Miscellaneous	-	-	9,850	-	-	-	9,850
Total revenues	<u>162,822</u>	<u>142,395</u>	<u>1,651,754</u>	<u>66,085</u>	<u>121,476</u>	<u>6,782</u>	<u>2,151,314</u>
Expenditures:							
Public safety	109,652	-	-	-	-	-	109,652
Human services	-	-	1,953,315	-	-	6,782	1,960,097
Economic and physical development	-	106,742	-	155,829	121,476	-	384,047
Debt service:							
Principal retirements	-	-	68,133	-	-	-	68,133
Interest and fiscal charges	-	-	5,693	-	-	-	5,693
Total expenditures	<u>109,652</u>	<u>106,742</u>	<u>2,027,141</u>	<u>155,829</u>	<u>121,476</u>	<u>6,782</u>	<u>2,527,622</u>
Revenues over (under) expenditures	53,170	35,653	(375,387)	(89,744)	-	-	(376,308)
Other financing sources (uses):							
Transfers in (out)	-	-	497,457	93,559	-	-	591,016
Sale of fixed assets	-	-	30,000	-	-	-	30,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>527,457</u>	<u>93,559</u>	<u>-</u>	<u>-</u>	<u>621,016</u>
Net change in fund balances	53,170	35,653	152,070	3,815	-	-	244,708
Fund balances, beginning	<u>539,475</u>	<u>124,812</u>	<u>341,089</u>	<u>23,529</u>	<u>25,293</u>	<u>-</u>	<u>1,054,198</u>
Fund balances, ending	<u>\$ 592,645</u>	<u>\$ 160,465</u>	<u>\$ 493,159</u>	<u>\$ 27,344</u>	<u>\$ 25,293</u>	<u>\$ -</u>	<u>\$ 1,298,906</u>

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and License	\$ 162,822	\$ 162,822	\$ -
Total revenues	<u>162,822</u>	<u>162,822</u>	<u>-</u>
Expenditures:			
Public Safety	119,049	109,652	9,397
Capital Outlay	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>269,049</u>	<u>109,652</u>	<u>159,397</u>
Revenues over (under) expenditures	<u>(106,227)</u>	<u>53,170</u>	<u>159,397</u>
Other Financing Sources			
Appropriated Fund Balance	<u>106,227</u>	<u>-</u>	<u>(106,227)</u>
Total Other Financing Sources	<u>106,227</u>	<u>-</u>	<u>(106,227)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>53,170</u>	<u>\$ 53,170</u>
Fund balance, beginning		<u>539,475</u>	
Fund balance, ending		<u>\$ 592,645</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and Licenses	\$ 99,035	\$ 93,066	\$ (5,969)
Restricted intergovernmental	169,228	49,222	(120,006)
Investment earnings	-	107	107
Total revenues	<u>268,263</u>	<u>142,395</u>	<u>(125,868)</u>
Expenditures:			
Economic and Physical Development	<u>271,675</u>	<u>106,742</u>	<u>164,933</u>
Total expenditures	<u>271,675</u>	<u>106,742</u>	<u>164,933</u>
Revenues over (under) expenditures	<u>(3,412)</u>	<u>35,653</u>	<u>39,065</u>
Other Financing Sources			
Appropriated Fund Balance	<u>3,412</u>	-	(3,412)
Total Other Financing Sources	<u>3,412</u>	<u>-</u>	<u>(3,412)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>35,653</u>	<u>\$ 35,653</u>
Fund balance, beginning		<u>124,812</u>	
Fund balance, ending		<u>\$ 160,465</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental	\$ 199,453	\$ 221,182	\$ 21,729
Sales and Services	1,635,903	1,420,722	(215,181)
Investment earnings	-	-	-
Miscellaneous	-	9,850	9,850
Total revenues	<u>1,835,356</u>	<u>1,651,754</u>	<u>(183,602)</u>
Expenditures:			
Human Services			
EMS - Washington County	1,958,590	1,745,252	213,338
Transport - Washington County	281,210	208,063	73,147
Contingency	-	-	-
Total human services	<u>2,239,800</u>	<u>1,953,315</u>	<u>286,485</u>
Debt Service			
Principal retirement	68,135	68,133	2
Interest	5,694	5,693	1
Total debt service	<u>73,829</u>	<u>73,826</u>	<u>3</u>
Total expenditures	<u>2,313,629</u>	<u>2,027,141</u>	<u>286,488</u>
Revenues over (under) expenditures	<u>(478,273)</u>	<u>(375,387)</u>	<u>102,886</u>
Other Financing Sources			
Transfers in	497,457	497,457	-
Sale of Fixed Assets	-	30,000	30,000
Installment notes issued	-	-	-
Designated for future appropriations	(19,184)	-	19,184
Total Other Financing Sources	<u>478,273</u>	<u>527,457</u>	<u>49,184</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>152,070</u>	<u>\$ 152,070</u>
Fund balance, beginning		<u>341,089</u>	
Fund balance, ending		<u>\$ 493,159</u>	

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

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services	\$ 105,540	\$ 66,085	\$ (39,455)
Total revenues	<u>105,540</u>	<u>66,085</u>	<u>(39,455)</u>
Expenditures:			
Economic and Physical Development	<u>180,482</u>	<u>155,829</u>	<u>24,653</u>
Total expenditures	<u>180,482</u>	<u>155,829</u>	<u>24,653</u>
Revenues over (under) expenditures	<u>(74,942)</u>	<u>(89,744)</u>	<u>(14,802)</u>
Other Financing Sources (Uses):			
Transfer in (out)	93,559	93,559	-
Designated for future appropriation	(18,617)	-	18,617
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	<u>74,942</u>	<u>93,559</u>	<u>18,617</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>3,815</u>	<u>\$ 3,815</u>
Fund balance, beginning		<u>23,529</u>	
Fund balance, ending		<u>\$ 27,344</u>	

**Washington County, North Carolina**  
**NCHFA Single Family Rehabilitation Loan Pool Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Retricted Intergovernmental	\$ 396,901	\$ 227,010	\$ 121,476	\$348,486	\$ (48,415)
Total revenues	<u>396,901</u>	<u>227,010</u>	<u>121,476</u>	<u>348,486</u>	<u>(48,415)</u>
Expenditures:					
Economic and Physical Development	396,901	227,010	121,476	348,486	48,415
Total expenditures	<u>396,901</u>	<u>227,010</u>	<u>121,476</u>	<u>348,486</u>	<u>48,415</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Appropriated Fund Balance	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>25,293</u>		
Fund balance, ending			<u>\$ 25,293</u>		

**Washington County, North Carolina**  
**CRF Pandemic Recovery Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental	\$ 663,155	\$ -	\$ 6,782	\$ 6,782	\$ (656,373)
Total revenues	<u>663,155</u>	<u>-</u>	<u>6,782</u>	<u>6,782</u>	<u>(656,373)</u>
Expenditures:					
Human Services					
CRF Expenses	6,782	-	6,782	6,782	-
Medical Expense	67,886	-	-	-	67,886
Public Health Expense	139,693	-	-	-	139,693
Payroll Expense	237,032	-	-	-	237,032
Public Health Measure Expense	17,000	-	-	-	17,000
Other	28,973	-	-	-	28,973
Municipalities	165,789	-	-	-	165,789
Total expenditures	<u>663,155</u>	<u>-</u>	<u>6,782</u>	<u>6,782</u>	<u>656,373</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources					
Appropriated Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		



## CAPITAL PROJECTS FUND

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

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**Washington County, North Carolina**  
**Non-Major Capital Projects Fund**  
**Combining Balance Sheets**  
**June 30, 2020**

	School Capital Outlay Fund	Total
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable (net)	-	-
Due from other governments	149,097	149,097
Due from other Funds	684,153	684,153
Total assets	<u>\$ 833,250</u>	<u>\$ 833,250</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ -	\$ -
Accrued Liabilities	-	-
Due to other funds	-	-
Total liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Restricted:		
Education	833,250	833,250
Capital Projects	-	-
Assigned		
Capital Projects	-	-
Total fund balances	<u>833,250</u>	<u>833,250</u>
Total liabilities and fund balances	<u>\$ 833,250</u>	<u>\$ 833,250</u>

**Washington County, North Carolina**  
**Non-Major Capital Projects Fund**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended June 30, 2020**

	School Capital Outlay Fund	Total
Revenues:		
Restricted intergovernmental	\$ 561,139	\$ 561,139
Total revenues	<u>561,139</u>	<u>561,139</u>
Expenditures:		
Capital outlay	400,000	400,000
Total expenditures	<u>400,000</u>	<u>400,000</u>
Revenues over (under) expenditures	161,139	161,139
Other financing sources (uses):		
Transfers In	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	161,139	161,139
Fund balances, beginning	<u>672,111</u>	<u>672,111</u>
Fund balances, ending	<u><u>\$ 833,250</u></u>	<u><u>\$ 833,250</u></u>

**Washington County, North Carolina**  
**School Capital Outlay Fund - Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Over (Under)
Revenues:			
Restricted Intergovernmental	\$ 515,000	\$ 561,139	\$ 46,139
Total revenues	<u>515,000</u>	<u>561,139</u>	<u>46,139</u>
Expenditures:			
Capital Outlay	400,000	400,000	-
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Revenues over (under) expenditures	<u>115,000</u>	<u>161,139</u>	<u>46,139</u>
Other financing sources:			
Designated for future appropriation	(115,000)	-	115,000
Appropriated Fund Balance	-	-	-
Total other financing sources	<u>(115,000)</u>	<u>-</u>	<u>115,000</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>161,139</u>	<u>\$ 161,139</u>
Fund balances, beginning		<u>672,111</u>	
Fund balances, ending		<u>\$ 833,250</u>	

## ENTERPRISE FUND

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

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**Washington County, North Carolina**  
**Sanitation Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	\$ 1,348,125	\$ 1,325,718	\$ (22,407)
Restricted Intergovernmental	7,500	4,587	(2,913)
Total Revenues	<u>1,355,625</u>	<u>1,330,305</u>	<u>(25,320)</u>
Expenditures:			
Landfill and Collections	1,325,625	1,264,906	60,719
Capital Outlay	60,000	-	60,000
Total Expenditures	<u>1,385,625</u>	<u>1,264,906</u>	<u>120,719</u>
Revenues over Expenditures	<u>\$ (30,000)</u>	<u>\$ 65,399</u>	<u>\$ 95,399</u>
Other Financing Sources (Uses):			
Transfers In	30,000	30,000	-
Designated for Future Appropriation	-	-	-
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>95,399</u>	<u>\$ 95,399</u>

**Reconciliation from budgetary basis (modified)**  
**accrual to full accrual:**

Depreciation Expense	(6,348)
Increase (decrease) in Estimated Postclosure Costs	(128,755)
(Increase) decrease in deferred outflows - pension	3,565
(Increase) decrease in deferred outflows - OPEB	(4,761)
Increase (decrease) in deferred inflows - pension	(8)
Increase (decrease) in deferred inflows - OPEB	(14,638)
Increase (decrease) in net pension liability	1,584
Increase (decrease) in net OPEB liability	12,960
Increase (decrease) in compensated absences	543
Change in net position	<u>\$ (40,459)</u>

**Washington County, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non GAAP)**  
**For The Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 1,341,500	\$ 1,368,811	\$ 27,311
Restricted intergovernmental	190,048	84,945	(105,103)
Taps and connection fees	5,500	9,641	4,141
Investment earnings	500	931	431
Miscellaneous	-	483	483
Total Revenues	<u>1,537,548</u>	<u>1,464,811</u>	<u>(72,737)</u>
Expenditures:			
Treatment plant	261,382	225,093	36,289
Operations maintenance	736,067	562,266	173,801
Capital Outlay	30,000	-	30,000
Debt service	383,427	382,781	646
Total	<u>1,410,876</u>	<u>1,170,140</u>	<u>240,736</u>
Revenues over Expenditures	<u>126,672</u>	<u>294,671</u>	<u>167,999</u>
Other Financing Sources (Uses):			
Transfers out	-	-	-
Designated for Future Appropriation	<u>(126,672)</u>	<u>-</u>	<u>126,672</u>
Total Other Financing Sources (Uses)	<u>(126,672)</u>	<u>-</u>	<u>126,672</u>
Revenues and other financing sources (uses) over expenditures	<u>\$ -</u>	<u>294,671</u>	<u>\$ 294,671</u>
<b>Reconciliation form budgetary basis (modified) accrual to full accrual:</b>			
Capital outlay		-	
Payments of debt service - principal		236,309	
Deprecation expense		(255,974)	
(Increase) decrease in deferred outflows - pension		14,910	
(Increase) decrease in deferred outflows - OPEB		(19,914)	
Increase (decrease) in deferred inflows - pension		(33)	
Increase (decrease) in deferred inflows - OPEB		(61,224)	
Increase (decrease) in net pension liability		6,626	
Increase (decrease) in net OPEB liability		54,204	
Increase (decrease) in compensated absences		<u>6,392</u>	
Change in net position		<u>\$ 275,967</u>	

## AGENCY FUNDS

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

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**Washington County, North Carolina**  
**Agency Fund**  
**Combining Statement of Assets and Liabilities**  
**June 30, 2020**

	Social Services Fund	Detention Center Fund	Motor Vehicle Tax Fund	Totals
<b>Assets</b>				
Cash and cash equivalents	\$ 40,297	\$ 13,740	\$ 29,604	\$ 83,641
Receivables	<u>-</u>	<u>-</u>	<u>13,198</u>	<u>13,198</u>
Total Assets	<u><u>\$ 40,297</u></u>	<u><u>\$ 13,740</u></u>	<u><u>\$ 42,802</u></u>	<u><u>\$ 96,839</u></u>
<b>Liabilities and Net Position</b>				
Due to Others	<u>\$ 40,297</u>	<u>\$ 13,740</u>	<u>\$ 42,802</u>	<u>\$ 96,839</u>
Total Liabilities and Net Position	<u><u>\$ 40,297</u></u>	<u><u>\$ 13,740</u></u>	<u><u>\$ 42,802</u></u>	<u><u>\$ 96,839</u></u>

**Washington County, North Carolina**  
**Agency Fund**  
**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
<b><u>SOCIAL SERVICES FUND</u></b>				
Assets:				
Cash and cash equivalents	\$ 29,482	\$ 129,002	\$ 118,187	\$ 40,297
Liabilities:				
Due to Others	\$ 29,482	\$ 129,002	\$ 118,187	\$ 40,297
<b><u>DETENTION CENTER FUND</u></b>				
Assets:				
Cash and cash equivalents	\$ 13,479	\$ 61,488	\$ 61,227	\$ 13,740
Liabilities:				
Due to Others	\$ 13,479	\$ 61,488	\$ 61,227	\$ 13,740
<b><u>MOTOR VEHICLE TAX FUND</u></b>				
Assets:				
Cash and cash equivalents	\$ 29,604	\$ 394,044	\$ 394,044	\$ 29,604
Receivables	13,752	13,198	13,752	13,198
Total Assets	43,356	407,242	407,796	42,802
Liabilities:				
Due to Others	\$ 43,356	\$ 407,242	\$ 407,796	\$ 42,802
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
Assets:				
Cash and cash equivalents	\$ 72,565	\$ 584,534	\$ 573,458	\$ 83,641
Receivables	13,752	13,198	13,752	13,198
Total Assets	86,317	597,732	587,210	96,839
Liabilities:				
Due to Others	\$ 86,317	\$ 597,732	\$ 587,210	\$ 96,839

## Washington County Travel and Tourism Authority

### Discretely Presented Component Unit

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This section includes schedules for the Washington County Travel and Tourism Authority, which is a discretely presented component unit. A separate report is not issued for the Authority, but these schedules are added to the County report to provide this supplemental information.

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**Washington County, North Carolina**  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Balance Sheet**  
**June 30, 2020**

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ASSETS		
Cash and cash equivalents	\$	32,763
Accounts receivable (net)		17,142
Due from other governments		-
Due from primary government		66,999
Total assets	\$	<u>116,904</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$	1,726
Due to primary government		-
Total liabilities		<u>1,726</u>
Fund balances:		
Restricted:		
Stabilization by State Statute		84,141
Unassigned		31,037
Total fund balances		<u>115,178</u>
Total liabilities and fund balances	\$	<u>116,904</u>

**Washington County, North Carolina**  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**

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REVENUES	
Occupancy Taxes	\$ 124,871
Investment earnings	223
Total Revenues	<u>125,094</u>
EXPENDITURES	
Salaries and benefits	26,833
Advertising	37,039
Grants	-
Bear Festival expenditures	-
Operating expenditures	<u>37,606</u>
Total Expenditures	<u>101,478</u>
Revenues over (under) expenditures	23,616
Fund balances, beginning	<u>91,562</u>
Fund balances, ending	<u><u>\$ 115,178</u></u>

**Washington County, North Carolina**  
**Washington County Travel and Tourism Authority**  
**Discretely Presented Component Unit**  
**Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2020**

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy Taxes	\$ 147,700	\$ 124,871	\$ (22,829)
Bear Festival sponsorships	-	-	-
Investment earnings	-	223	223
Total Revenues	<u>147,700</u>	<u>125,094</u>	<u>(22,606)</u>
EXPENDITURES			
Salaries and benefits	28,153	26,833	1,320
Advertising	52,400	37,039	15,361
Operating expenditures	71,050	37,606	33,444
Contingency	8,750	-	8,750
Total Expenditures	<u>160,353</u>	<u>101,478</u>	<u>58,875</u>
Revenues over (under) expenditures	<u>(12,653)</u>	<u>23,616</u>	<u>36,269</u>
Other financing sources:			
Appropriated fund balance	<u>12,653</u>	-	<u>(12,653)</u>
Total other financing sources	<u>12,653</u>	<u>-</u>	<u>(12,653)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 23,616</u>	<u>\$ 23,616</u>
Fund balances, beginning		<u>91,562</u>	
Fund balances, ending		<u>\$ 115,178</u>	

## OTHER SCHEDULES

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This section includes additional information on property taxes.

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**Washington County, North Carolina  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
For the Year Ended June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$ -	\$ 8,273,688	\$ 7,919,112	\$ 354,576
2018-2019	348,726	6,473	219,874	135,325
2017-2018	173,840	5,478	63,948	115,370
2016-2017	100,651	-	32,838	67,813
2015-2016	86,344	-	14,376	71,968
2014-2015	115,557	-	20,103	95,454
2013-2014	40,225	-	6,431	33,794
2012-2013	34,006	-	5,017	28,989
2011-2012	27,663	-	3,840	23,823
2010-2011	21,815	-	2,464	19,351
2009-2008	17,314	-	17,314	-
Totals	<u>\$ 966,141</u>	<u>\$ 8,285,639</u>	<u>\$ 8,305,317</u>	<u>\$ 946,463</u>
Less Allowance for Doubtful Accounts				<u>(165,752)</u>
Taxes Receivable (Net)				<u>\$ 780,711</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 8,313,844
Reconciling items:				
Prepaid taxes recognized in the current year				(59,843)
Interest and penalties				(112,129)
Discounts				61,936
Refunds, DMV Fees				62,531
Taxes written off				38,978
Total Collections and Credits				<u>\$ 8,305,317</u>



**Washington County, North Carolina**  
**Analysis of Current Tax Levy**  
**County - Wide Levy**  
**June 30, 2020**

				Total Levy	
	County - wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Amount of Levy		
Original levy:					
Property taxed at current rate	\$ 1,027,153,210	0.84500	\$ 8,319,941	\$ 7,476,505	\$ 843,436
Discoveries	3,532,593	0.84500	28,614	28,614	-
Releases	(9,242,840)	0.84500	(74,867)	(65,204)	(9,663)
Totals	<u>\$ 1,021,442,963</u>		<u>8,273,688</u>	<u>7,439,915</u>	<u>833,773</u>
Net levy			8,273,688	7,439,915	833,773
Uncollected taxes at June 30, 2020			<u>354,576</u>	<u>354,576</u>	<u>-</u>
Current year's taxes collected			<u>\$ 7,919,112</u>	<u>\$ 7,085,339</u>	<u>\$ 833,773</u>
Current levy collection percentage			<u>95.71%</u>	<u>95.23%</u>	<u>100.00%</u>



# **COMPLIANCE SECTION**



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

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**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  
Washington County  
Plymouth, 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 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 Washington County, North Carolina (the "County") as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 25, 2020. Our report includes a reference to other auditors who audited the financial statements of the Washington County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Washington County ABC Board were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Washington 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 Washington 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.

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

#### Compliance and Other Matters

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 25, 2020



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

**P.O Box 398  
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**Alan W. Thompson, CPA  
R. Bryon Scott, CPA  
Gregory S. Adams, CPA**

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Washington County  
Plymouth, North Carolina

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

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

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Washington County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act. Those standards, the 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 Washington 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 the County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Washington 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.

## Report on Internal Control Over Compliance

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

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

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

Washington County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Washington 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.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 25, 2020

**CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS AND TAX ADVISORS**

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Washington County  
Plymouth, North Carolina

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 the applicable sections of Title 2 U.S. *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, 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 state program occurred. An audit includes examining, on a test basis, evidence about the 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 the County's compliance.

## Opinion on Each Major State Program

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

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

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

Washington County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Washington 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.*

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Thompson, Price, Scott, Adams & Co., P.A.  
Whiteville, NC  
November 25, 2020



Washington County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section I. Summary of Auditors' Results

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Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted

☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

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

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

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

☒ yes ☐ no

Identification of major federal programs:

<u>CFDA #</u>	<u>Program Name</u>
93.778	Medical Assistance Program
20.106	Airport Improvement Grant

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

State Awards

Internal control over major State programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act

☒ yes ☐ no

Identification of major State programs:

<u>Program Name</u>
Medical Assistance Program
Public Scholl Building Capital Fund - Lottery Proceeds

Washington County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings

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None Reported.

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Section III. Federal Award Findings and Questioned Costs

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**US 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 DEFICIENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were five errors discovered during our procedures that inaccurate information was entered when determining eligibility.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial 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.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2019-002.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. 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:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping.

Washington County, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

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

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**US 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:	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 three errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made.
Questioned Costs:	There was no known affect to eligibility and there were no known questioned costs.
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:	Four applicants received assistance for which they were not eligible.
Identification of a repeat finding:	This is a repeat finding from the immediate previous audit, 2019-001.
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:	The County agrees with the finding. Supervisors will review action reports regularly to determine if corrective action was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping.

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Section IV - State Award Findings and Question Costs

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Program Name: Medical Assistance Program (Medicaid; Title XIX)  
CFDA # 93.778

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

# COUNTY OF WASHINGTON

## BOARD OF COMMISSIONERS

### COMMISSIONERS:

D. COLE PHELPS, CHAIR  
JENNIFER C. RIDDICK, VICE-CHAIR  
TRACEY A. JOHNSON  
WILLIAM "BILL" R. SEXTON, JR.  
JULIUS WALKER, JR.



### ADMINISTRATION STAFF:

CURTIS S. POTTER  
COUNTY MANAGER/ COUNTY ATTORNEY  
cpotter@washconc.org

JULIE J. BENNETT, CMC, NCMCC  
CLERK TO THE BOARD  
jbennett@washconc.org

POST OFFICE BOX 1007  
PLYMOUTH, NORTH CAROLINA 27962  
OFFICE (252) 793-5823 FAX (252) 793-1183

Corrective Action Plan  
For the Year Ended June 30, 2020

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### Section II. Financial Statement Findings

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None reported.

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

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#### Finding: 2020-001

Name of Contact Person: Tammy Mixon, Medicaid/Program Integrity Supervisor

Corrective Action: We are doing more 2nd party reviews at this time to ensure that proper documentation and verifications are in the case record in NCFast. Those 2nd party reviews are going back to the workers so they can be corrected quickly and keep errors to a minimal. The PowerPoint created from last year will be shared again and discussed to ensure all caseworkers are on the same page. The agency has hired a position for second party reviews and training to provide an additional layer of review to identify weaknesses in the areas of applications and review processing.

Proposed Completion Date: The PowerPoint created from last year is continuing to be shared and discussed to ensure all caseworkers are on the same page. We are tentatively going to meet the first week in November to go over and discuss.

#### Finding: 2019-002

Name of Contact Person: Tammy Mixon, Medicaid/Program Integrity Supervisor

Corrective Action: Medicaid Caseworkers have been trained as of 09/23/2020 with our new plan of action to ensure these cases are being handled appropriately after the COVID-19 policy is lifted. Caseworkers will continue to communicate with the Child Support Unit regarding questions that may arise when they are reading information in ACTS. The Child Support Unit will also follow up all referrals with an email to determine that a sanction has been acted upon. We will be presenting the training over again as a refresher when COVID-19 policy is lifted, as we have some vacancies and some new workers that have never been exposed to the regular rules of IV-D referrals and sanctions.

Proposed Completion Date: Medicaid Caseworkers have been trained as of 09/23/2020 with our new plan of action to ensure these are being handled appropriately after the COVID-19 policy is lifted. We will be doing a refresher training after COVID-19 restrictions are lifted as well. We are working on a report to look at each case that might need a IV-D referral as well so we can get all records in line with policy and not wait until next recertification.

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### Section IV - State Award Findings and Question Costs

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Corrective Actions for Finding 2020-001 and 2020-002 also apply to State Award Findings.

Washington County, North Carolina  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2020

Finding: 2019-001

Status: Repeat Finding. See 2020-002

Finding: 2019-002

Status: Repeat finding. See 2020-001

Finding: 2019-003

Status: Corrected

Finding: 2019-004

Status: Corrected

**WASHINGTON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<b>FEDERAL AWARDS</b>						
<b>U.S. Department of Agriculture</b>						
Passed -through the North Carolina Department of Health and Human Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561		\$ 262,952	\$ -	\$ -	\$ 262,951
<b>Total U.S. Dept. of Agriculture</b>			<b>262,952</b>	<b>-</b>	<b>-</b>	<b>262,951</b>
<b>U.S. Department of Housing and Urban Development</b>						
Single Family Housing Rehabilitation Grant	14.239	SFRLP1728	121,476	-	-	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>121,476</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Treasury</b>						
Passed-through the Office of State Budget and Management:						
NC Pandemic Recovery Office						
Coronavirus Relief Fund	21.019		6,782	-	-	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>6,782</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>						
Provider Relief Fund	93.498		39,453	-	-	-
Passed through North Carolina Department of Health and Human Services:						
Child Care Development Cluster:						
Child Care Development Fund - Administration	93.596		79,158	-	-	-
<b>Total Child Care Development Cluster</b>			<b>79,158</b>	<b>-</b>	<b>-</b>	<b>-</b>
Temporary Assistance for Needy Families (TANF):						
Temporary Assistance for Needy Families - Work First	93.558		376,783	-	-	26,684
<b>Total Temporary Assistance for Needy Families Cluster</b>			<b>376,783</b>	<b>-</b>	<b>-</b>	<b>26,684</b>
Foster Care and Adoption Cluster						
Foster Care Title IV – Supplemental Payments	93.658		2,600	-	-	-
Foster Care - Title IV-E	93.658		46,536	14,669	-	23,036
Adoption Assistance	93.659		1,024	-	-	1,024
Foster Care	N/A		6,507	-	-	-
IV-E Adoption	N/A		180	-	-	-
<b>Total Foster Care and Adoption Cluster</b>			<b>56,848</b>	<b>14,669</b>	<b>-</b>	<b>24,060</b>
Medical Assistance Program	93.778		495,082	-	-	182,722
Social Services Block Grant:						
Social Services Block Grant - Adult Protective Service	93.667		23,113	-	-	-
Social Services Block Grant - In Home Services	93.667		1,454	-	-	208
Social Services Block Grant - Other Services and Training	93.667		132,796	-	-	44,265
<b>Total Social Services Block Grant</b>			<b>157,363</b>	<b>-</b>	<b>-</b>	<b>44,473</b>
Promoting Safe and Stable Families	93.556		937	-	-	-
Low-Income Home Energy Assistance Program:						
Crisis Intervention Payments	93.568		86,050	-	-	-
Low Income Energy Admin	93.568		13,344	-	-	-
Low Income Home Energy Assistance Program	93.568		93,138	-	-	-
<b>Total Low-Income Home Energy Assistance Program</b>			<b>192,532</b>	<b>-</b>	<b>-</b>	<b>-</b>
Permanency Planning - Service & Admin	93.645		(188)	-	-	(63)
Chafee Foster Care Independence Program	93.674		6,912	1,728	-	-
Child Support Enforcement	93.563		243,130	(184)	-	125,433
Children's Health Insurance Program - N.C. Health Choice	93.767		15,438	276	-	1,115

**WASHINGTON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
Passed through Albemarle Commission Council of Governments:						
Division of Aging and Adult Services:						
Aging Cluster						
Special Programs for the Aging - Title III Part B						
Grants for Supportive Services and Senior Centers	93.044		96,297	-	-	10,699
Special Programs for the Aging - Title III Part C						
Nutrition Services	93.045		51,667	-	-	5,741
Total Aging Cluster			147,964	-	-	16,440
<b>Total U.S. Department of Health and Human Services</b>			<b>1,811,411</b>	<b>16,489</b>	<b>-</b>	<b>420,865</b>
<b>U.S. Department of Homeland Security</b>						
Passed through North Carolina Department of Public Safety						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		6,620	-	-	-
Hazard Mitigation Property Acquisition	97.039		94,851	-	-	-
Emergency Management Program Fund	97.042		38,904	-	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>140,375</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>U.S. Department of Transportation</b>						
Passed through North Carolina Department of Transportation						
Formula Grants for Rural Areas - Community						
Washington County, Admin	20.509	DOT-11 36233.107.20.1	19,638	1,227	-	-
Washington County, Admin	20.509	DOT-11 36233.107.21.1	48,274	3,017	-	-
Total Washington County, Admin			67,912	4,244	-	-
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	DOT-11 44637.45.1.3	37,080	4,635	-	-
Airport Improvement Grant	20.106	DOT-8 36237.40.13.1	7,024,506	98,239	-	-
<b>Total U.S. Department of Transportation</b>			<b>7,129,498</b>	<b>107,118</b>	<b>-</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 9,472,494</b>	<b>\$ 123,607</b>	<b>\$ -</b>	<b>\$ 683,816</b>
<b>STATE AWARDS</b>						
<b>North Carolina Department of Health and Human Services</b>						
Passed through Albemarle Commission Council of Governments:						
Division of Aging and Adult Services						
Senior Center General Purpose Funding			\$ -	\$ 10,740	\$ -	\$ -
Division of Social Services						
ST Child Welfare/CPS/CS LD			-	7,343	-	-
County Founded Programs			-	-	-	525,070
Non-Allocating County Costs			-	-	-	334,767
Work First Non-Reimbursable			-	-	-	21,763
CSE Disaster Non-Reimbursable			-	-	-	8,377
AFDC Incent/Prog Integrity			-	143	-	-
Foster Care At Risk Maximization			-	2,289	-	1,022
SFHF Maximization			-	369	-	369
State Foster Care Home			-	9,818	-	9,818
<b>Total North Carolina Department of Health and Human Services</b>			<b>-</b>	<b>30,702</b>	<b>-</b>	<b>901,186</b>
<b>North Carolina Department of Environmental Quality</b>						
Scrap Tire Program			-	6,987	-	-
<b>Total North Carolina Department of Environmental Quality</b>			<b>-</b>	<b>6,987</b>	<b>-</b>	<b>-</b>

**WASHINGTON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2020**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Provided to Subrecipients	Local Expenditures
<b>North Carolina Department of Transportation</b>						
ROAP Cluster						
ROAP - Elderly and Disabled Transpiration Assistance Program		DOT-16CL 36220.10.9.1	-	61,336	-	-
ROAP - Rural General Public Program		DOT-16CL 36228.22.9.1	-	58,164	-	-
ROAP - Work First Transitional Employment		DOT-16CL 36236.11.8.1	-	6,584	-	-
Total ROAP Cluster			-	126,084	-	-
<b>Total North Carolina Department of Transportation</b>			-	126,084	-	-
<b>North Carolina Department of Agriculture &amp; Consumer Services</b>						
Division of Soil & Water						
Stream Debris Removal Grant				49,222	-	-
<b>Total North Carolina Department of Agriculture Consumer Services</b>			-	49,222	-	-
<b>North Carolina Department of Military and Veterans Affairs</b>						
Veterans Service			-	2,182	-	-
<b>Total North Carolina Department of Military and Veterans Affairs</b>			-	2,182	-	-
<b>North Carolina Department of Public Safety</b>						
Juvenile Crime Prevention Program						
JCPC Administration			-	1,920		-
Roanoke Area Youth			-	54,073	54,073	-
Washington County Youth			-	14,061	14,061	-
Total Juvenile Crime Prevention Program			-	70,054	68,134	-
Tier II Grant			-	4,000	-	-
<b>Total North Carolina Department of Public Safety</b>			-	74,054	68,134	-
<b>North Carolina Department of Insurance</b>						
SHIIP Grant			-	3,595	-	-
<b>Total North Carolina Department of Insurance</b>			-	3,595	-	-
<b>North Carolina Department of Public Instruction</b>						
Public Scholl Building Capital Fund - Lottery Proceeds				179,875		
<b>Total North Carolina Department of Public Instruction</b>			-	179,875	-	-
<b>TOTAL STATE AWARDS</b>			-	472,701	68,134	901,186
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 9,472,494	\$ 596,308	\$ 68,134	\$ 1,585,002

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

**Note 1: Basis of Presentation**

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

Washington 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: Foster Care and Adoption.



**WASHINGTON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2020**

	Federal	State/ Pass-through	Federal (Direct & Pass-through)	State	Provided to	Local
Grantor/Pass-Through	CFDA	Grantor's	Pass-through)	Expenditures	Subrecipients	Expenditures
Grantor/Program Title	Number	Number	Expenditures	Expenditures	Subrecipients	Expenditures

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

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

<u>Program Title</u>	<u>CFDA No.</u>	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women Infant and Children	10.557	\$ 262,912	\$ -
Supplemental Nutrition Assistance Program	10.551	4,494,438	-
Temporary Assistance for Needy Families	93.558	85,246	-
Adoption Assistance	93.659	107,173	24,358
Medical Assistance Program	93.778	20,343,328	9,603,576
Children's Health Insurance Program	93.767	258,548	20,420
Child Welfare Services Adoption		-	4,755
State / County Special Assistance program		-	94,324

**Note 6: Coronavirus Relief Funds**

Washington County received \$438,410 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$224,744 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Washington 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.