

REVIEWED

By SLGFD at 9:55 am, Jun 17, 2022

Edgecombe County North Carolina

Financial Statements

For the Year Ended June 30, 2021

Edgecombe County, North Carolina

List of Principal Officials June 30, 2021

Board of County Commissioners

Leonard Wiggins
Chairman

Rev. E. Wayne Hines
Vice-Chairman

William Wooten

Evelyn Powell

Viola S. Harris

Donald C. Boswell

Ralph Webb

County Officials

Eric Evans
County Manager

Natalie Bess
Deputy County Manager

Cleveland Atkinson, Jr.
Sheriff

Vila Anderson
Register of Deeds

Frangie Mungo
Clerk of the Board

Tanya Heath
Cooperative Extension
Director

Katina Braswell
Planning and Inspections
Director

Mark Walters
Emergency Services
Director

Stan Liverman III
Maintenance Director

Gloria Moseley
Solid Waste Director

Michelle Etheridge
Health Director

Katherine Walters
Director of Fiscal Services

Betty Battle
Social Services Director

Michael Matthews
Assistant County Manager

Jerry W. Spruell
Director of Elections

Jayson Webb
IT Director

Paul Moseley
Water and Sewer Director

Tarasa Lewis
Tax Administrator

Deborah Coley
Aging Director

Sherry Johnson
Veterans Service Officer

Michael Peters
County Attorney

Edgecombe County, North Carolina

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Edgecombe County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise Columbus County basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Edgecombe County ABC Board, which represent 42.01% percent of the assets, 90.86% percent of net position, and 94.92% percent revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Edgecombe County ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Edgecombe County ABC Board were not audited in accordance with Governmental Auditing Standards.

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

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

Members

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Opinions

In our opinion, based on our report and the report of 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 Edgecombe County, North Carolina, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Edgecombe County Tourism Development Authority 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 Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions, Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Post-employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on pages 74 - 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 13, 2022, on our consideration of the Edgecombe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgecombe County's internal control over financial reporting and compliance.

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

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

Whiteville, NC

June 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Edgecombe County, we offer readers of Edgecombe County's financial statements this narrative overview and analysis of the financial activities of Edgecombe County for the year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

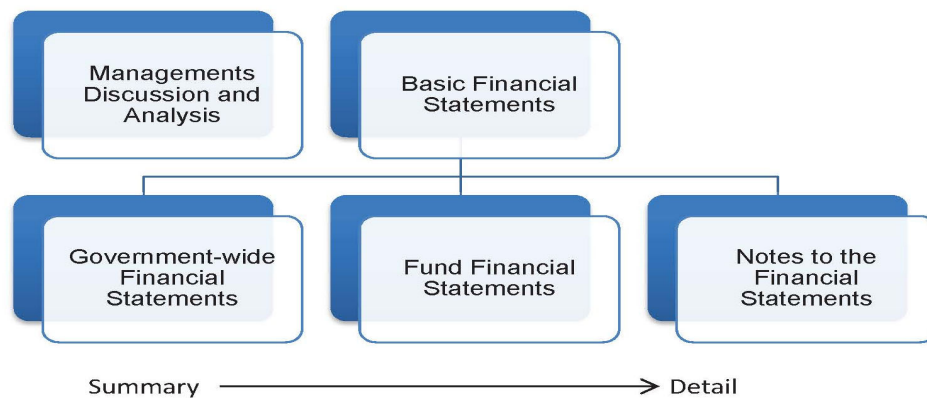
Financial Highlights

- The assets and deferred outflows of resources of Edgecombe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$71,879,954 (net position).
- The government's total net position increased by \$7,197,084. The business-type activities increased by \$1,867,249 and the governmental activities increased by \$5,329,835. There was a prior period adjustment which decreased net position by \$193,004, and a restatement associated with the implementation of GASB 84 that increased net position by \$53,809.
- As of the close of the current fiscal year, Edgecombe County's governmental funds reported combined ending fund balances of \$25,743,848, after a net increase in fund balance of \$3,563,461. Approximately 55.87 percent of this total amount or \$14,384,340 is either nonspendable, restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$13,707,695, or 22.21 percent of total general fund expenditures and net transfers out for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Edgecombe County has three fiduciary funds, all of which are custodial 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 29 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Edgecombe County's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 74 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$71,879,954 as of June 30, 2021. The County's net position increased by \$7,197,084 for the fiscal year ended June 30, 2021. The largest portion \$55,118,085 (76.68%) reflects the County's net investment in capital assets (land, buildings, equipment, vehicles, etc.). Edgecombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Edgecombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Edgecombe County's net position \$8,791,027 (12.23%) represents resources that are subject to external restrictions on how they may be used. The remaining net position of \$7,970,842 (11.09%) is unrestricted.

Edgecombe County, North Carolina
Condensed Statement of Net Position
Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------|------------------------------------|---------------|-------------------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 36,641,592 | \$ 35,258,573 | \$ 4,187,857 | \$ 2,068,150 | \$ 40,829,449 | \$ 37,326,723 |
| Capital assets | 45,772,829 | 43,875,865 | 56,883,348 | 57,386,801 | 102,656,177 | 101,262,666 |
| Total assets | 82,414,421 | 79,134,438 | 61,071,205 | 59,454,951 | 143,485,626 | 138,589,389 |
| Total deferred outflows of resources | 6,232,948 | 4,036,158 | 288,301 | 241,370 | 6,521,249 | 4,277,528 |
| Current and other liabilities | 8,162,439 | 7,677,586 | 947,306 | 1,164,985 | 9,109,745 | 8,842,571 |
| Long-term liabilities | 46,725,345 | 47,244,716 | 20,317,353 | 19,756,060 | 67,042,698 | 67,000,776 |
| Total liabilities | 54,887,784 | 54,922,302 | 21,264,659 | 20,921,045 | 76,152,443 | 75,843,347 |
| Total deferred inflows of resources | 1,873,379 | 2,093,228 | 101,099 | 108,277 | 1,974,478 | 2,201,505 |
| Net position: | | | | | | |
| Net investment in capital assets | 13,226,897 | 9,358,430 | 41,891,188 | 42,475,930 | 55,118,085 | 51,834,360 |
| Restricted | 8,791,027 | 6,443,041 | - | - | 8,791,027 | 6,443,041 |
| Unrestricted | 9,868,282 | 10,353,595 | (1,897,440) | (3,808,931) | 7,970,842 | 6,544,664 |
| Total net position | \$ 31,886,206 | \$ 26,155,066 | \$ 39,993,748 | \$ 38,666,999 | \$ 71,879,954 | \$ 64,822,065 |

Edgecombe County, North Carolina
Condensed Statement of Revenues, Expenses, and Changes in Net Position
Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,051,345 | \$ 3,118,986 | \$ 6,876,785 | \$ 6,771,085 | \$ 11,928,130 | \$ 9,890,071 |
| Operating grants and contributions | 16,401,927 | 16,604,582 | 96,585 | 113,560 | 16,498,512 | 16,718,142 |
| Capital grants and contributions | 358,799 | 1,889,622 | 1,956,153 | 1,953,616 | 2,314,952 | 3,843,238 |
| General revenues: | | | | | | |
| Property taxes | 35,433,481 | 32,132,673 | - | - | 35,433,481 | 32,132,673 |
| Other taxes | 10,703,582 | 10,789,630 | - | - | 10,703,582 | 10,789,630 |
| Grants and contributions not restricted | 863,987 | 470,621 | - | - | 863,987 | 470,621 |
| Other revenue | 684,944 | 2,846,475 | 49,974 | 60,723 | 734,918 | 2,907,198 |
| Total revenues | 69,498,065 | 67,852,589 | 8,979,497 | 8,898,984 | 78,477,562 | 76,751,573 |
| Expenses: | | | | | | |
| General government | 5,883,909 | 8,047,336 | - | - | 5,883,909 | 8,047,336 |
| Public safety | 19,416,058 | 14,128,819 | - | - | 19,416,058 | 14,128,819 |
| Transportation | 62,066 | 208,709 | - | - | 62,066 | 208,709 |
| Economic development | 1,979,766 | 1,489,633 | - | - | 1,979,766 | 1,489,633 |
| Human services | 18,260,215 | 17,401,538 | - | - | 18,260,215 | 17,401,538 |
| Cultural and recreation | 675,144 | 606,839 | - | - | 675,144 | 606,839 |
| Environmental protection | 52,851 | 80,264 | - | - | 52,851 | 80,264 |
| Education | 15,129,946 | 15,591,932 | - | - | 15,129,946 | 15,591,932 |
| Interest on long-term debt | 975,597 | 1,179,631 | - | - | 975,597 | 1,179,631 |
| Water and Sewer | - | - | 4,995,463 | 4,807,977 | 4,995,463 | 4,807,977 |
| Solid Waste | - | - | 2,608,145 | 2,778,803 | 2,608,145 | 2,778,803 |
| Total expenses | 62,435,552 | 58,734,701 | 7,603,608 | 7,586,780 | 70,039,160 | 66,321,481 |
| Change in net position before transfers and special items | 7,062,513 | 9,117,888 | 1,375,889 | 1,312,204 | 8,438,402 | 10,430,092 |
| Transfers and special items | (1,732,678) | - | 491,360 | - | (1,241,318) | - |
| Change in net position | 5,329,835 | 9,117,888 | 1,867,249 | 1,312,204 | 7,197,084 | 10,430,092 |
| Net position, beginning | 26,155,066 | 16,263,312 | 38,666,999 | 37,354,795 | 64,822,065 | 53,618,107 |
| Prior Period Adjustments & Restatements | 401,305 | 773,866 | (540,500) | - | (139,195) | 773,866 |
| Net position, beginning, restated | 26,556,371 | 17,037,178 | 38,126,499 | 37,354,795 | 64,682,870 | 54,391,973 |
| Net position, ending | \$ 31,886,206 | \$ 26,155,066 | \$ 39,993,748 | \$ 38,666,999 | \$ 71,879,954 | \$ 64,822,065 |

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 96.29% (94.50 for fiscal year 2020), compared to the statewide average of 98.83%. The COVID-19 Pandemic and subsequent economic impact negatively affected our ad-valorem tax collections, but we did experience a substantial increase over the previous year.
- Continued low costs of debt due to the County's high bond rating.
- The County's ad valorem tax revenues increased by \$3,300,808 over the previous year.

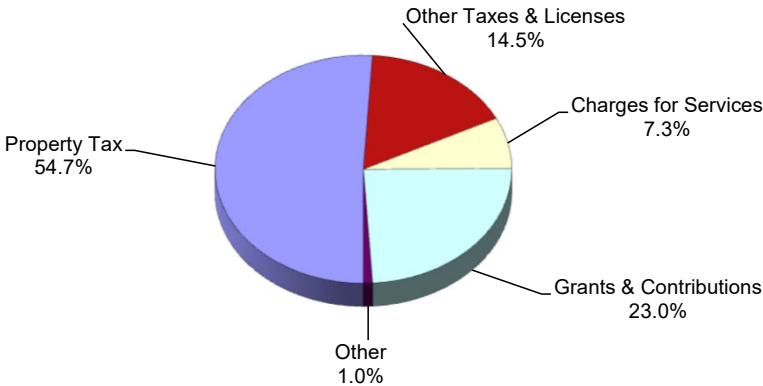
Governmental activities. Governmental activities increased the County's net position by \$5,329,835 over the prior year. Key elements of this increase are as follows:

- Property tax revenues reflect continued economic improvements in the County with an increase of \$3,300,808 over fiscal year 2020.
- The County acquired multiple rescue squad departments, thereby increasing both revenues and expenditures in the current year.
- Expenditure increases in Governmental Activities are primarily a result of COVID-19 expenditures and increased capital project activity in the current fiscal year.

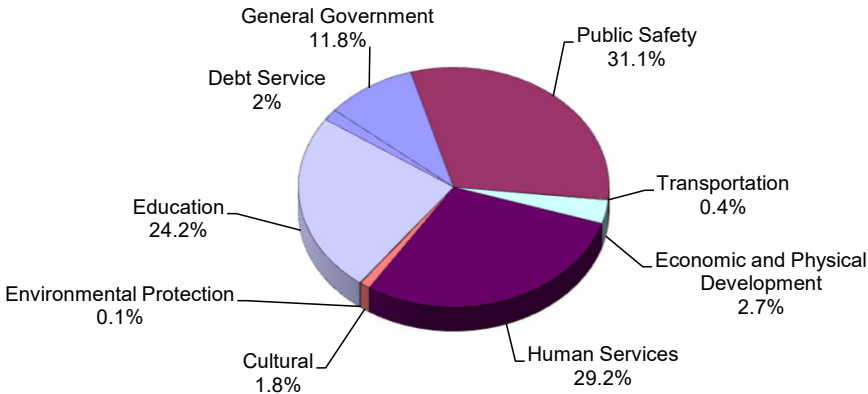
Business-type activities. Business-type activities increased Edgecombe County’s net position by \$1,867,249 over the prior year. Key elements of this increase are as follows:

- Continued diligence in water and sewer revenue collection and resolution of delinquent accounts.
- Receipt of grant funding for water improvement projects.

**Governmental Activities Revenue Sources
For Fiscal Year 2021**



**Governmental Activities Functional Expenses
For Fiscal Year 2021**



Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Edgecombe County. At the end of the current year, Edgecombe County's fund balance available for appropriation in the General Fund was \$19,301,008 while total fund balance increased to \$27,658,757. The Governing Body of Edgecombe County has determined that the County should maintain a minimum unassigned fund balance of 15% of General Fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County has a target unassigned fund balance of 20% of General Fund expenditures, with amounts in excess of 20% allocated to a capital reserve fund at the Board's discretion. Unassigned fund balance of \$13,707,695 represents 22.21% of General Fund expenditures and interfund transfers out. The County currently has an available fund balance of 31.28% of General Fund expenditures and interfund transfers out, while total fund balance represents 44.82% of that same amount.

At June 30, 2021, the governmental funds of Edgecombe County reported a combined fund balance of \$25,743,848 a 16.07% increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased budgeted revenues by \$9,862,669.

The actual operating revenues for the General Fund were more than the budgeted amounts by \$5,963,473, most of which is attributed to a decrease in restricted intergovernmental revenues from Federal and State grants offset by positive variances to budget in local option sales taxes and ad valorem taxes. (Exhibit 5)

Proprietary Funds. Edgecombe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Solid Waste Fund amounted to \$(3,778,533) and \$1,881,093 for the Water and Sewer Operations Fund. The total increase in net position for the Water and Sewer Operations Fund was \$1,463,264. The net position of the Solid Waste Fund increased by \$403,985, primarily due to a transfer from the General Fund. Other factors concerning the finances of these funds have already been addressed in the discussion of Edgecombe County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Edgecombe County's capital assets for its governmental and business-type activities as of June 30, 2021, totals \$102,656,177 (net of accumulated depreciation). These assets include buildings, land, land improvements, machinery and equipment, construction in progress, water and sewer distribution and collection systems, and vehicles.

Major capital asset transactions during the year include:

- Expansion of water/sewer infrastructure at Kingsboro Industrial Park
- Transitioned EMS in-house effective January 21, 2021 including 4 EMS Stations, vehicles, and equipment.
- Sold 8 acres of land at Kingsboro Industrial Park for \$56,000 to a private company to construct a Travel Center (gas station, truck stop, and restaurant)
- Purchase of public safety and solid waste vehicles and equipment.

Edgecombe County, North Carolina
Capital Assets (net of depreciation)
Figure 4

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|----------------------------|---------------|-----------------------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land and improvements | \$ 18,889,806 | \$ 18,889,806 | \$ 1,203,728 | \$ 1,203,728 | \$ 20,093,534 | \$ 20,093,534 |
| Construction in progress | 8,962,426 | 8,561,524 | 1,602,052 | 817,768 | 10,564,478 | 9,379,292 |
| Buildings and improvements | 14,712,589 | 14,518,280 | 2,562,643 | 2,663,524 | 17,275,232 | 17,181,804 |
| Water and distribution systems | - | - | 49,370,492 | 50,652,387 | 49,370,492 | 50,652,387 |
| Furniture and equipment | 1,571,987 | 628,527 | 1,338,202 | 1,344,699 | 2,910,189 | 1,973,226 |
| Vehicles | 1,636,021 | 1,345,470 | 806,231 | 704,695 | 2,442,252 | 2,050,165 |
| Total | \$ 45,772,829 | \$ 43,943,607 | \$ 56,883,348 | \$ 57,386,801 | \$ 102,656,177 | \$ 101,330,408 |

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

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

Long-term Debt. As of June 30, 2021, Edgecombe County had total bonded debt outstanding of \$20,603,000, all of which is debt backed by the full faith and credit of the County.

Edgecombe County, North Carolina
Outstanding Debt
Figure 5

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| General Obligation Bonds | \$ 3,977,000 | \$ 4,660,000 | \$ 3,290,000 | \$ 3,348,000 | \$ 7,267,000 | \$ 8,008,000 |
| Limited Obligation Bonds | 3,185,000 | 3,525,200 | 8,500,000 | 8,890,000 | 11,685,000 | 12,415,200 |
| Revenue bonds | - | - | 1,651,000 | 1,684,000 | 1,651,000 | 1,684,000 |
| Notes payable | - | - | 1,075,995 | 1,226,861 | 1,075,995 | 1,226,861 |
| Direct Borrowing Installment | | | | | | |
| Purchases | 24,709,562 | 25,182,653 | - | - | 24,709,562 | 25,182,653 |
| Premium on debt | 473,021 | 496,672 | 529,664 | 556,147 | 1,002,685 | 1,052,819 |
| Capital lease | 273,406 | - | - | - | 273,406 | - |
| Accrued landfill closure and post-closure care costs | - | - | 5,009,619 | 4,950,216 | 5,009,619 | 4,950,216 |
| Compensated absences | 1,505,904 | 1,523,516 | 46,673 | 65,074 | 1,552,577 | 1,588,590 |
| Net pension liability (LGERS) | 7,485,327 | 5,775,917 | 311,889 | 247,952 | 7,797,216 | 6,023,869 |
| Total pension liability (LEOSSA) | 2,355,827 | 1,729,518 | - | - | 2,355,827 | 1,729,518 |
| Total OPEB liability | 8,102,925 | 6,915,910 | 502,178 | 428,613 | 8,605,103 | 7,344,523 |
| Total Debt | \$ 52,067,972 | \$ 49,809,386 | \$ 20,917,018 | \$ 21,396,863 | \$ 72,984,990 | \$ 71,206,249 |

Edgecombe County maintains an A1 and AA- bond rating from Moody's and Standard and Poor's Corporation, respectively. This bond rating is a clear indication of the sound financial condition of Edgecombe County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Edgecombe County is \$213,664,400. The County has \$885,000 in bonds authorized but un-issued for Water and Sewer District No. 4 at June 30, 2021. The County also had a note payable with remaining availability of \$215,000 that is authorized but unissued for land acquisition for industrial development.

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

Economic Factors and Next Year's Budgets and Rates

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

- The unemployment rate for the county is 9.3% which is a 2.9% increase from the previous fiscal year. However, the county still remains approximately 4.3% above the state average of 5.0%.
- The assessed value of real and personal property was \$3,509,162,975; a increase of about 9.8% from the previous year's assessed valuation.
- Our population of 48,104 at the end of fiscal year 2021, which reflects a decrease of approximately 6.5%.

Budget Highlights for Fiscal Year Ending June 30, 2022

Government Activities

The County approved an original \$69,859,824 General Fund budget for FY 2022. This represents an increase of 14.60% from the original budget for FY 2021 of \$60,960,858. The property rate for FY 2022 will remain at \$0.95 per hundred dollar valuation. The County budget ordinance for FY 2022 includes an appropriation of unassigned fund balance in the amount of \$4,383,245. The County completed a revaluation of all real property in the County for fiscal year 2018 budget. Estimated assessed property values for the fiscal year 2022 budget are \$3,428,000,000.

Business Type Activities

The budget for fiscal year 2022 increases the County's monthly charges for water and sewer service. Rates for landfill services tipping fees increased by \$6 per ton for FY 2022 for municipal solid waste and \$1 per ton for construction & demolition. The County's budget ordinance for the solid waste fund includes an appropriation of fund balance in the amount of \$420,610 to cover the cost of operations at the County landfill.

Requests for Information

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

Edgecombe County, North Carolina

Statement of Net Position

June 30, 2021

Exhibit 1

| | Primary Government | | | Component Units | | |
|---|----------------------------|-----------------------------|---------------|----------------------------------|--|-------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Edgecombe County ABC Board | Edgecombe County Tourism Development Authority | Public Facilities Corporation |
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 20,833,674 | \$ 2,562,263 | \$ 23,395,937 | \$ 1,701,332 | \$ 183,987 | \$ - |
| Taxes receivable, net | 4,284,783 | - | 4,284,783 | - | - | - |
| Receivables, net | 86,843 | 1,275,525 | 1,362,368 | - | - | 3,539,557 |
| Due from other governments | 5,693,708 | 25,994 | 5,719,702 | - | - | - |
| Due from component unit | 344,493 | - | 344,493 | - | - | - |
| Due from primary government | - | - | - | - | 6,906 | - |
| Internal balances | - | - | - | - | - | - |
| Inventories | - | - | - | 487,107 | - | - |
| Prepaid items | - | - | - | 66,014 | - | - |
| Total current assets | 31,243,501 | 3,863,782 | 35,107,283 | 2,254,453 | 190,893 | 3,539,557 |
| Restricted cash and cash equivalents | 1,505,350 | 324,075 | 1,829,425 | - | - | 448,193 |
| Other Assets: | | | | | | |
| Net pension asset | 70,184 | - | 70,184 | - | - | - |
| Net investment in Joint Venture | 3,822,557 | - | 3,822,557 | - | - | - |
| Total other assets | 3,892,741 | - | 3,892,741 | - | - | - |
| Capital assets: | | | | | | |
| Land and construction in progress | 27,852,232 | 2,805,780 | 30,658,012 | 148,525 | - | - |
| Other capital assets, net of depreciation | 17,920,597 | 54,077,568 | 71,998,165 | 524,075 | - | - |
| Total capital assets | 45,772,829 | 56,883,348 | 102,656,177 | 672,600 | - | - |
| Total assets | 82,414,421 | 61,071,205 | 143,485,626 | 2,927,053 | 190,893 | 3,987,750 |
| Deferred Outflows of Resources | | | | | | |
| Deferred cost of refunding | 44,363 | 54,500 | 98,863 | - | - | - |
| Pension deferrals | 4,974,781 | 165,738 | 5,140,519 | 100,518 | - | - |
| OPEB deferrals | 1,213,804 | 68,063 | 1,281,867 | - | - | - |
| Total deferred outflows of resources | 6,232,948 | 288,301 | 6,521,249 | 100,518 | - | - |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable and accrued liabilities | 2,225,510 | 63,168 | 2,288,678 | 613,131 | - | - |
| Due to other governments | 170,223 | 11,033 | 181,256 | - | - | - |
| Due to component units | 6,906 | - | 6,906 | - | - | - |
| Due to primary government | - | - | - | 344,493 | - | - |
| Unspent COVID Funding | 110,338 | - | 110,338 | - | - | - |
| Accrued interest payable | 306,835 | 39,716 | 346,551 | - | - | - |
| Long-term debt - due within one year | 5,342,627 | 599,666 | 5,942,293 | - | - | 587,750 |
| Liabilities to be paid from restricted assets: | | | | | | |
| Customer deposits | - | 233,723 | 233,723 | - | - | - |
| Total current liabilities | 8,162,439 | 947,306 | 9,109,745 | 957,624 | - | 587,750 |
| Long-term liabilities: | | | | | | |
| Accrued landfill closure and post-closure care costs | - | 5,009,619 | 5,009,619 | - | - | - |
| Compensated absences | 1,505,904 | 46,673 | 1,552,577 | 36,855 | - | - |
| Total OPEB liability | 8,102,925 | 502,178 | 8,605,103 | - | - | - |
| Net pension liability - LGERS | 7,485,327 | 311,889 | 7,797,216 | 136,148 | - | - |
| Total pension liability - LEOSA | 2,355,827 | - | 2,355,827 | - | - | - |
| Long-term debt - due in more than one year | 27,275,362 | 14,446,994 | 41,722,356 | - | - | 3,400,000 |
| Total long-term liabilities | 46,725,345 | 20,317,353 | 67,042,698 | 173,003 | - | 3,400,000 |
| Total liabilities | 54,887,784 | 21,264,659 | 76,152,443 | 1,130,627 | - | 3,987,750 |

- Continued -

Edgecombe County, North Carolina

Statement of Net Position

June 30, 2021

Exhibit 1

| | Primary Government | | | Component Units | | |
|--------------------------------------|----------------------------|-----------------------------|---------------|----------------------------------|--|-------------------------------------|
| | Governmental Activities | Business-type Activities | Total | Edgecombe County ABC Board | Edgecombe County Tourism Development Authority | Public Facilities Corporation |
| Deferred Inflows of Resources | | | | | | |
| Pension deferrals | 205,588 | 5,471 | 211,059 | - | - | - |
| OPEB deferrals | 1,543,006 | 95,628 | 1,638,634 | - | - | - |
| Prepaid taxes | 124,785 | - | 124,785 | - | - | - |
| Total deferred inflows of resources | 1,873,379 | 101,099 | 1,974,478 | - | - | - |
| Net Position | | | | | | |
| Net investment in capital assets | 13,226,897 | 41,891,188 | 55,118,085 | 672,600 | - | - |
| Restricted | | | | | | |
| Stabilization by state statute | 8,137,524 | - | 8,137,524 | - | 6,906 | - |
| Human Services | 68,532 | - | 68,532 | - | - | - |
| Education | 254,436 | - | 254,436 | - | - | - |
| Economic development | - | - | - | - | 183,987 | - |
| Public Safety E-911 | 330,535 | - | 330,535 | - | - | - |
| Capital Improvements | - | - | - | 541,057 | - | - |
| Working Capital | - | - | - | 213,373 | - | - |
| Unrestricted | 9,868,282 | (1,897,440) | 7,970,842 | 469,914 | - | - |
| Total net position | \$ 31,886,206 | \$ 39,993,748 | \$ 71,879,954 | \$ 1,896,944 | \$ 190,893 | \$ - |

See accompanying notes to financial statements.

Edgecombe County, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Exhibit 2

| | | Net (Expense) Revenue and Changes in Net Position | | | | | | | | |
|--|---------------|---|------------------------------------|----------------------------------|-------------------------|--------------------------|----------------|----------------------------|--|-------------------------------|
| | | Program Revenues | | | Primary Government | | | Component Units | | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Edgecombe County ABC Board | Edgecombe County Tourism Development Authority | Public Facilities Corporation |
| Primary Government | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 5,883,909 | \$ 819,449 | \$ - | \$ - | \$ (5,064,460) | \$ - | \$ (5,064,460) | | | |
| Public safety | 19,416,058 | 3,716,185 | 381,926 | - | (15,317,947) | - | (15,317,947) | | | |
| Transportation | 62,066 | - | - | - | (62,066) | - | (62,066) | | | |
| Economic and physical development | 1,979,766 | - | 286,355 | 35,000 | (1,658,411) | - | (1,658,411) | | | |
| Human services | 18,260,215 | 358,758 | 15,295,679 | - | (2,605,778) | - | (2,605,778) | | | |
| Cultural and recreational | 675,144 | - | - | - | (675,144) | - | (675,144) | | | |
| Environmental protection | 52,851 | - | 437,967 | - | 385,116 | - | 385,116 | | | |
| Education | 15,129,946 | 156,953 | - | 323,799 | (14,649,194) | - | (14,649,194) | | | |
| Interest on long-term debt | 975,597 | - | - | - | (975,597) | - | (975,597) | | | |
| Total governmental activities | 62,435,552 | 5,051,345 | 16,401,927 | 358,799 | (40,623,481) | - | (40,623,481) | | | |
| Business-type activities: | | | | | | | | | | |
| Water and sewer operations | 4,995,463 | 4,454,160 | - | 1,956,153 | - | 1,414,850 | 1,414,850 | | | |
| Solid waste | 2,608,145 | 2,422,625 | 96,585 | - | - | (88,935) | (88,935) | | | |
| Total business-type activities | 7,603,608 | 6,876,785 | 96,585 | 1,956,153 | - | 1,325,915 | 1,325,915 | | | |
| Total primary government | \$ 70,039,160 | \$ 11,928,130 | \$ 16,498,512 | \$ 2,314,952 | (40,623,481) | 1,325,915 | (39,297,566) | | | |
| Component units: | | | | | | | | | | |
| Edgecombe County ABC Board | \$ 5,499,814 | \$ 5,547,691 | \$ - | \$ - | | | | \$ 47,877 | \$ - | \$ - |
| Tourism Development Authority | 72,610 | - | - | - | | | | - | (72,610) | - |
| Public Facilities Corporation | 198,961 | - | - | - | | | | - | - | (198,961) |
| Total component units | \$ 5,771,385 | \$ 5,547,691 | \$ - | \$ - | | | | 47,877 | (72,610) | (198,961) |
| General revenues: | | | | | | | | | | |
| Property taxes, levied for general purposes | | | | | \$ 35,433,481 | \$ - | \$ 35,433,481 | \$ - | \$ - | \$ - |
| Local option sales taxes | | | | | 10,567,278 | - | 10,567,278 | - | - | - |
| Other taxes and licenses | | | | | 136,304 | - | 136,304 | - | 80,205 | - |
| Grants and contributions not restricted to specific programs | | | | | 863,987 | - | 863,987 | - | - | - |
| Investment earnings, unrestricted | | | | | 3,880 | 26,769 | 30,649 | 2,123 | - | 198,961 |
| Miscellaneous, unrestricted | | | | | 612,431 | 23,205 | 635,636 | - | 18,000 | - |
| Gain (loss) on disposal of capital assets | | | | | 68,633 | - | 68,633 | - | - | - |
| Total general revenues | | | | | 47,685,994 | 49,974 | 47,735,968 | 2,123 | 98,205 | 198,961 |
| Special item - Consolidation of Rescue Squads | | | | | (1,241,318) | - | (1,241,318) | - | - | - |
| Transfers | | | | | (491,360) | 491,360 | - | - | - | - |
| Total general revenues, special items, and transfers | | | | | 45,953,316 | 541,334 | 46,494,650 | 2,123 | 98,205 | 198,961 |
| Change in net position | | | | | 5,329,835 | 1,867,249 | 7,197,084 | 50,000 | 25,595 | - |
| Net position, beginning of year, as previously reported | | | | | 26,155,066 | 38,666,999 | 64,822,065 | 1,846,944 | 165,298 | - |
| Prior Period Adjustment | | | | | 347,496 | (540,500) | (193,004) | - | - | - |
| Prior period restatement - change in accounting principle | | | | | 53,809 | - | 53,809 | - | - | - |
| Net position, beginning of year, restated | | | | | 26,556,371 | 38,126,499 | 64,682,870 | 1,846,944 | 165,298 | - |
| Net position, end of year | | | | | \$ 31,886,206 | \$ 39,993,748 | \$ 71,879,954 | \$ 1,896,944 | \$ 190,893 | \$ - |

See accompanying notes to financial statements.

Edgecombe County, North Carolina

Balance Sheet

Governmental Funds

For the Year Ended June 30, 2021

| | General Fund | Nonmajor Governmental Funds | Total |
|--|---------------|-----------------------------------|---------------|
| Assets | | | |
| Cash and cash equivalents | \$ 20,376,051 | \$ 457,623 | \$ 20,833,674 |
| Restricted cash and cash equivalents | 1,505,350 | - | 1,505,350 |
| Taxes receivable, net | 3,472,843 | 153,909 | 3,626,752 |
| Receivables, net | 86,843 | - | 86,843 |
| Due from other funds | 2,348,187 | - | 2,348,187 |
| Due from other governments | 5,428,788 | 264,920 | 5,693,708 |
| Due from component unit | 344,493 | - | 344,493 |
| Total assets | \$ 33,562,555 | \$ 876,452 | \$ 34,439,007 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 1,936,245 | \$ 289,265 | \$ 2,225,510 |
| Due to other funds | - | 2,348,187 | 2,348,187 |
| Due to other governments | 170,223 | - | 170,223 |
| Due to component unit | 6,906 | - | 6,906 |
| Unspent COVID Funding | 110,338 | - | 110,338 |
| Total liabilities | 2,223,712 | 2,637,452 | 4,861,164 |
| Deferred Inflows of Resources | 3,680,086 | 153,909 | 3,833,995 |
| Fund Balances | | | |
| Nonspendable - prepaid expenses | - | - | - |
| Restricted: | | | |
| Stabilization by state statute | 8,125,853 | 11,671 | 8,137,524 |
| Schools | 231,896 | 22,540 | 254,436 |
| Economic development | - | - | - |
| Human services | - | 68,532 | 68,532 |
| Public Safety E-911 | - | 330,535 | 330,535 |
| Committed: | | | |
| Tax revaluation and mapping | 1,060,068 | - | 1,060,068 |
| Economic development | - | - | - |
| Assigned: | | | |
| Subsequent year's expenditures | 4,533,245 | - | 4,533,245 |
| Unassigned | 13,707,695 | (2,348,187) | 11,359,508 |
| Total fund balances | 27,658,757 | (1,914,909) | 25,743,848 |
| Total liabilities, deferred inflows of resource, and fund balances | \$ 33,562,555 | \$ 876,452 | \$ 34,439,007 |

Edgecombe County, North Carolina

Balance Sheet

Governmental Funds

For the Year Ended June 30, 2021

| | Total Governmental Funds |
|---|--------------------------------|
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | |
| Total fund balance - governmental funds | \$ 25,743,848 |
| Net pension asset | 70,184 |
| Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds. | 3,822,557 |
| Charges related to advance refunding bond issue. | 44,363 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. (accrued interest on taxes receivable). | 658,031 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. | |
| Capital assets used in governmental activities | 73,942,682 |
| Accumulated depreciation | <u>(28,169,853)</u> |
| Net capital assets used in governmental activities | 45,772,829 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 1,761,803 |
| Benefit payments and administrative costs for LEOSSA | 52,762 |
| Pension related deferrals | 2,954,628 |
| OPEB deferrals | (329,202) |
| Deferred inflows of resources for taxes and special assessments | |
| Taxes receivable - General Fund | 3,549,945 |
| Taxes receivable - Special Revenue Funds | 153,909 |
| Other deferred revenues | 5,356 |
| Some liabilities, including bonds payable, other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the fund statements: | |
| Compensated absences | (1,505,904) |
| Net pension liability -LGERS | (7,485,327) |
| Total pension liability - LEOSSA | (2,355,827) |
| Total OPEB liability | (8,102,925) |
| Accrued interest | (306,835) |
| Long-term debt | <u>(32,617,989)</u> |
| Net position of governmental activities | <u>\$ 31,886,206</u> |

Edgecombe County, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

| | Major | | Non-Major | |
|--|---------------|------|----------------|---------------|
| | | | Other | |
| | General | Fund | Governmental | Total |
| | | | Funds | |
| Revenues | | | | |
| Ad valorem taxes | \$ 34,225,039 | | \$ 1,383,717 | \$ 35,608,756 |
| Local option sales taxes | 9,271,734 | | 1,295,544 | 10,567,278 |
| Other taxes and licenses | 136,304 | | - | 136,304 |
| Unrestricted intergovernmental | 863,987 | | - | 863,987 |
| Restricted intergovernmental | 16,411,272 | | 349,533 | 16,760,805 |
| Permits and fees | 1,109,003 | | 17,689 | 1,126,692 |
| Sales and services | 3,772,098 | | 156,953 | 3,929,051 |
| Investment earnings | 3,880 | | - | 3,880 |
| Miscellaneous | 612,431 | | - | 612,431 |
| Total revenues | 66,405,748 | | 3,203,436 | 69,609,184 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 7,350,436 | | 17,689 | 7,368,125 |
| Public safety | 17,200,048 | | 1,668,827 | 18,868,875 |
| Transportation | 62,066 | | - | 62,066 |
| Economic and physical development | 1,275,696 | | 1,083,056 | 2,358,752 |
| Human services | 17,383,550 | | 183,929 | 17,567,479 |
| Cultural and recreational | 642,107 | | - | 642,107 |
| Environmental protection | 52,851 | | - | 52,851 |
| Intergovernmental: | | | | |
| Education | 13,699,989 | | 1,429,957 | 15,129,946 |
| Debt service: | | | | |
| Principal retirement | 3,371,868 | | - | 3,371,868 |
| Interest and fees | 975,552 | | - | 975,552 |
| Total expenditures | 62,014,163 | | 4,383,458 | 66,397,621 |
| Excess (deficiency) of revenues over expenditures | 4,391,585 | | (1,180,022) | 3,211,563 |
| Other financing sources (uses) | | | | |
| Proceeds of long-term debt | 450,000 | | - | 450,000 |
| Capital lease obligations issued | 336,258 | | - | 336,258 |
| Proceeds from sale of capital assets | 57,000 | | - | 57,000 |
| Transfers from other funds | 6,937,680 | | - | 6,937,680 |
| Transfers to other funds | (7,420,661) | | (8,379) | (7,429,040) |
| Total other financing sources (uses) | 360,277 | | (8,379) | 351,898 |
| Net change in fund balances | 4,751,862 | | (1,188,401) | 3,563,461 |
| Fund balances, beginning of year, as previously reported | 23,280,053 | | (780,317) | 22,499,736 |
| Prior period adjustment (see Note V) | (373,157) | | - | (373,157) |
| Prior Period Restatement - change in accounting principle (see Note VII) | - | | 53,809 | 53,809 |
| Fund balances, beginning of year | 22,906,896 | | (726,508) | 22,180,388 |
| Fund balances, end of year | \$ 27,658,758 | | \$ (1,914,909) | \$ 25,743,849 |

Edgecombe County, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

| | | |
|---|--------------------|--------------------|
| Net changes in fund balances - total governmental funds | \$ | 3,563,461 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | | |
| Capital outlay expenditures which were capitalized | \$ | 3,274,985 |
| Depreciation expense for governmental assets | <u>(1,567,172)</u> | 1,707,813 |
| Capital assets acquired with the consolidation of rescue squads | | 121,409 |
| Gain (loss) from change in net investment in joint venture Rocky Mount Wilson Airport, not recognized on the modified accrual basis | | 11,633 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Increase (decrease) in accrued taxes receivable | 658,031 | |
| Increase in deferred inflows of resources - taxes receivable | (833,306) | |
| Decrease in deferred inflows of resources - other revenues | <u>(4,476)</u> | (179,751) |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities | | 1,761,803 |
| Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position | | 115,578 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of net position | | 52,762 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and | | |
| Proceeds of long-term debt and capital leases | (786,258) | |
| Principal payments on long-term debt | <u>3,371,868</u> | 2,585,610 |
| Debt acquired as a result of the consolidation of the rescue squads with the County. | | (1,362,726) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Compensated absences | | 17,612 |
| OPEB expense | | (343,535) |
| Accrued interest | | (1,514) |
| Amortization of premium on debt | | 23,651 |
| Amortization of charges for advance refunding of debt | | (22,182) |
| Pension expense | | <u>(2,721,788)</u> |
| Total changes in net position of governmental activities | <u>\$</u> | <u>5,329,836</u> |

Edgecombe County, North Carolina

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

For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|---|-----------------|---------------|---------------|---|
| Revenues | | | | |
| Ad valorem taxes | \$ 30,795,000 | \$ 30,795,000 | \$ 34,225,039 | \$ 3,430,039 |
| Local option sales taxes | 5,905,000 | 5,905,000 | 9,271,734 | 3,366,734 |
| Other taxes and licenses | 147,000 | 147,000 | 136,304 | (10,696) |
| Unrestricted intergovernmental | 295,000 | 295,000 | 863,987 | 568,987 |
| Restricted intergovernmental | 13,274,023 | 19,546,499 | 16,411,272 | (3,135,227) |
| Permits and fees | 662,000 | 799,440 | 1,109,003 | 309,563 |
| Sales and services | 1,427,212 | 2,730,012 | 3,772,098 | 1,042,086 |
| Investment earnings | 30,000 | 30,000 | 3,880 | (26,120) |
| Miscellaneous | 96,100 | 194,324 | 612,431 | 418,107 |
| Total revenues | 52,631,335 | 60,442,275 | 66,405,748 | 5,963,473 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 7,035,151 | 8,384,571 | 7,350,436 | 1,034,135 |
| Public safety | 13,887,675 | 18,838,710 | 17,200,048 | 1,638,662 |
| Transportation | 62,066 | 62,066 | 62,066 | - |
| Economic and physical development | 1,361,621 | 1,818,351 | 1,275,696 | 542,655 |
| Human services | 20,379,582 | 23,216,336 | 17,383,550 | 5,832,786 |
| Cultural and recreational | 650,393 | 675,322 | 642,107 | 33,215 |
| Environmental protection | 30,000 | 40,000 | 52,851 | (12,851) |
| Intergovernmental: | | | | |
| Education | 13,936,441 | 13,609,992 | 13,699,989 | (89,997) |
| Debt service | | | | |
| Principal retirement | 2,594,345 | 3,154,595 | 3,371,868 | (217,273) |
| Interest and other charges | 898,016 | 898,016 | 975,552 | (77,536) |
| Total expenditures | 60,835,290 | 70,697,959 | 62,014,163 | 8,683,796 |
| Revenues over (under) expenditures | (8,203,955) | (10,255,684) | 4,391,585 | 14,647,269 |
| Other financing sources (uses) | | | | |
| Proceeds of long-term debt | - | 422,310 | 450,000 | 27,690 |
| Capital lease obligations issued | - | - | 336,258 | 336,258 |
| Proceeds from sale of capital assets | 10,000 | 10,000 | 57,000 | 47,000 |
| Transfer from other funds | 6,828,733 | 6,714,382 | 6,787,680 | 73,298 |
| Transfers to other funds | (7,420,661) | (7,420,661) | (7,420,661) | - |
| Total other financing uses | (581,928) | (273,969) | 210,277 | 484,246 |
| Appropriated fund balance | 8,785,883 | 10,529,653 | - | (10,529,653) |
| Net change in fund balance | \$ - | \$ - | 4,601,862 | \$ 4,601,862 |
| Fund balance, beginning of year, as previously reported | | | 22,369,985 | |
| Prior period adjustment (see Note V) | | | (373,157) | |
| Fund balance, beginning of year | | | 21,996,828 | |
| Fund balance, end of year | | | \$ 26,598,690 | |

See accompanying notes to financial statements.

Edgecombe County, North Carolina
 Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
 General Fund
 For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|--|-----------------|--------------|-----------------------------|---|
| Fund balance, end of year | | | \$ 26,598,690 | |
| A Legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes: | | | | |
| Investment earnings | | | - | |
| Transfers from General Fund | | | 150,000 | |
| Expenditures | | | - | |
| Fund balance, beginning of year | | | <u>910,068</u> | |
| Fund balance, end of year (Exhibit 4) | | | <u><u>\$ 27,658,758</u></u> | |

See accompanying notes to financial statements.

Edgecombe County, North Carolina

Statement of Net Position

Proprietary Funds

June 30, 2021

| | Major | | |
|--|----------------------------------|------------------------|--------------|
| | Water and Sewer Operations | Solid Waste Fund | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 1,065,668 | \$ 1,496,595 | \$ 2,562,263 |
| Receivables, net | 1,150,846 | 124,679 | 1,275,525 |
| Due from other governments | - | 25,994 | 25,994 |
| Total current assets | 2,216,514 | 1,647,268 | 3,863,782 |
| Noncurrent assets: | | | |
| Restricted cash and cash equivalents | 309,734 | 14,341 | 324,075 |
| Capital assets: | | | |
| Land and construction in progress | 1,654,044 | 1,151,736 | 2,805,780 |
| Other capital assets, net of depreciation | 50,654,656 | 3,422,912 | 54,077,568 |
| Total capital assets | 52,308,700 | 4,574,648 | 56,883,348 |
| Total noncurrent assets | 52,618,434 | 4,588,989 | 57,207,423 |
| Total assets | 54,834,948 | 6,236,257 | 61,071,205 |
| Deferred Outflows of Resources | | | |
| Deferred cost of refunding | 54,500 | - | 54,500 |
| Pension deferrals | 104,414 | 61,324 | 165,738 |
| OPEB deferrals | 28,052 | 40,011 | 68,063 |
| Total deferred outflows of resources | 186,966 | 101,335 | 288,301 |
| Liabilities | | | |
| Current liabilities: | | | |
| Liabilities payable from restricted assets | | | |
| Customer deposits | \$ 219,382 | 14,341 | \$ 233,723 |
| Accounts payable and accrued liabilities | 30,916 | 32,252 | 63,168 |
| Due to other funds | - | - | - |
| Due to other governments | 11,033 | - | 11,033 |
| Accrued interest | 39,716 | - | 39,716 |
| Notes payable - current | 73,106 | 32,560 | 105,666 |
| Revenue bonds payable - current | 34,000 | - | 34,000 |
| General obligation bonds payable - current | 60,000 | - | 60,000 |
| Limited obligation bonds - current | 400,000 | - | 400,000 |
| Total current liabilities | 868,153 | 79,153 | 947,306 |

Edgecombe County, North Carolina

Statement of Net Position

Proprietary Funds

June 30, 2021

| | Major | | |
|---|----------------------------------|------------------------|---------------|
| | Water and Sewer Operations | Solid Waste Fund | Total |
| Long-term liabilities: | | | |
| Accrued landfill closure and post-closure costs | - | 5,009,619 | 5,009,619 |
| Compensated absences | 30,254 | 16,419 | 46,673 |
| Total OPEB liability | 206,972 | 295,206 | 502,178 |
| Net pension liability | 196,488 | 115,401 | 311,889 |
| Notes payable | 970,329 | - | 970,329 |
| Revenue bonds payable | 1,617,000 | - | 1,617,000 |
| General obligation bonds payable | 3,230,000 | - | 3,230,000 |
| Limited obligations bonds | 8,629,665 | - | 8,629,665 |
| Total long-term liabilities | 14,880,708 | 5,436,645 | 20,317,353 |
| Total liabilities | 15,748,861 | 5,515,798 | 21,264,659 |
| Deferred Inflows of Resources | | | |
| Pension deferrals | 3,447 | 2,024 | 5,471 |
| OPEB deferrals | 39,413 | 56,215 | 95,628 |
| Total deferred inflows of resources | 42,860 | 58,239 | 101,099 |
| Net Position | | | |
| Net investment in capital assets | 37,349,100 | 4,542,088 | 41,891,188 |
| Unrestricted | 1,881,093 | (3,778,533) | (1,897,440) |
| Total net position | \$ 39,230,193 | \$ 763,555 | \$ 39,993,748 |

Edgecombe County, North Carolina
Statement of Revenues and Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

| | Major | | |
|--|----------------------------------|------------------------|---------------|
| | Water and Sewer Operations | Solid Waste Fund | Total |
| Operating Revenues | | | |
| Charges for services | \$ 4,371,000 | 2,372,013 | \$ 6,743,013 |
| Water and sewer taps | 67,440 | - | 67,440 |
| Administration fees | 2,400 | - | 2,400 |
| Other operating revenues | 13,320 | 50,612 | 63,932 |
| Total operating revenues | 4,454,160 | 2,422,625 | 6,876,785 |
| Operating Expenses | | | |
| Salaries and employee benefits | 568,547 | 705,711 | 1,274,258 |
| Water purchases | 1,225,036 | - | 1,225,036 |
| Water and sewer operations | 932,520 | - | 932,520 |
| Sewer costs | 314,062 | - | 314,062 |
| Landfill operations | - | 1,593,018 | 1,593,018 |
| Landfill closure and post-closure care costs | - | 59,402 | 59,402 |
| Depreciation | 1,412,252 | 250,014 | 1,662,266 |
| Total operating expenses | 4,452,417 | 2,608,145 | 7,060,562 |
| Operating income (loss) | 1,743 | (185,520) | (183,777) |
| Non-Operating Revenues (Expenses) | | | |
| Solid waste disposal tax | - | 20,499 | 20,499 |
| Scrap tire disposal tax | - | 75,724 | 75,724 |
| Electronics management grant | - | 362 | 362 |
| DOT Reimbursement | 281,092 | - | 281,092 |
| Investment earnings | 26,471 | 298 | 26,769 |
| Interest expense | (543,046) | - | (543,046) |
| Miscellaneous | 21,943 | 1,262 | 23,205 |
| Total non-operating revenue (expense) | (213,540) | 98,145 | (115,395) |
| Income (loss) before transfers and capital contributions | (211,797) | (87,375) | (299,172) |
| Transfers in (out) | - | 491,360 | 491,360 |
| Capital contributions | | | |
| Federal and State grants | 1,675,061 | - | 1,675,061 |
| Change in net position | 1,463,264 | 403,985 | 1,867,249 |
| Total net position, beginning of year | 38,307,429 | 359,570 | 38,666,999 |
| Prior Period Adjustment (see Note V) | (540,500) | - | (540,500) |
| Total net position, beginning of year, restated | 37,766,929 | 359,570 | 38,126,499 |
| Net position, end of year | \$ 39,230,193 | \$ 763,555 | \$ 39,993,748 |

Edgecombe County, North Carolina

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2021

| | Major | | |
|---|----------------------------------|------------------------|--------------|
| | Water and Sewer Operations | Solid Waste Fund | Total |
| Cash flows from operating activities | | | |
| Cash received from customers | \$ 4,117,918 | \$ 2,361,434 | \$ 6,479,352 |
| Cash paid for goods and services | (2,474,389) | (1,648,465) | (4,122,854) |
| Cash paid to employees for services | (547,262) | (689,254) | (1,236,516) |
| Customer deposits received, net | 86,370 | - | 86,370 |
| Other operating revenues | 13,320 | 50,612 | 63,932 |
| Net cash provided by operating activities | 1,195,957 | 74,327 | 1,270,284 |
| Cash flows from non-capital financing activities | | | |
| Solid waste disposal tax | - | 20,347 | 20,347 |
| Scrap tire disposal tax | - | 70,807 | 70,807 |
| Waste reduction and recycling grant | - | 362 | 362 |
| Miscellaneous | 21,943 | 1,262 | 23,205 |
| Transfers in (out) | - | 491,360 | 491,360 |
| Net cash provided by non-capital financing activities | 21,943 | 584,138 | 606,081 |
| Cash flows from capital and related financing activities | | | |
| Acquisition and construction of capital assets | (962,786) | (196,025) | (1,158,811) |
| Advances from (to) other funds, net | (481,462) | - | (481,462) |
| Principal paid on bond maturities and notes payable | (814,106) | (77,760) | (891,866) |
| Interest paid on bond maturities and notes payable | (488,145) | - | (488,145) |
| DOT Reimbursement | 281,092 | - | 281,092 |
| Capital contributions - grants | 1,675,061 | - | 1,675,061 |
| Net cash used by capital and related financing activities | (790,346) | (273,785) | (1,064,131) |
| Cash flows from investing activities | | | |
| Interest on investments | \$ 26,471 | \$ 298 | \$ 26,769 |
| Net decrease in cash and cash equivalents | 454,025 | 384,978 | 839,003 |
| Cash and cash equivalents, beginning of year, restated | 921,377 | 1,125,958 | 2,047,335 |
| Cash and cash equivalents, end of year | \$ 1,375,402 | \$ 1,510,936 | \$ 2,886,338 |
| Cash and cash equivalents | \$ 1,065,668 | \$ 1,496,595 | \$ 2,562,263 |
| Restricted cash and cash equivalents | 309,734 | 14,341 | 324,075 |
| Total cash and cash equivalents | \$ 1,375,402 | \$ 1,510,936 | \$ 2,886,338 |

Edgecombe County, North Carolina

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2021

| | Major | | |
|--|----------------------------------|------------------------|--------------|
| | Water and Sewer Operations | Solid Waste Fund | Total |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 1,743 | \$ (185,520) | \$ (183,777) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | |
| Depreciation | 1,412,252 | 250,014 | 1,662,266 |
| Landfill closure and post-closure care costs | - | 59,402 | 59,402 |
| Changes in assets and liabilities: | | | - |
| (Increase) decrease in accounts receivable | (322,922) | (10,579) | (333,501) |
| Increase (decrease) in accounts payable | (3,540) | (55,447) | (58,987) |
| Increase (decrease) in due to other governments | 769 | - | 769 |
| Increase (decrease) in customer deposits | 86,370 | - | 86,370 |
| (Increase) decrease in deferred outflows of resources - pensions | (13,763) | (3,684) | (17,447) |
| (Increase) decrease in deferred outflows of resources - OPEB | (23,383) | (33,351) | (56,734) |
| Increase (decrease) in net pension liability | 44,914 | 19,023 | 63,937 |
| Increase (decrease) in deferred inflows of resources - pensions | (1,546) | (1,151) | (2,697) |
| Increase (decrease) in deferred inflows of resources - OPEB | (1,847) | (2,634) | (4,481) |
| Increase (decrease) in total OPEB liability | 30,320 | 43,245 | 73,565 |
| Increase (decrease) in compensated absences | (13,410) | (4,991) | (18,401) |
| Total adjustments | 1,194,214 | 259,847 | 1,454,061 |
| Net cash provided by operating activities | \$ 1,195,957 | \$ 74,327 | \$ 1,270,284 |

Edgecombe County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

| | Custodial Funds |
|---|--------------------------|
| ASSETS | |
| Cash and investments | \$ 396,819 |
| Taxes receivable for other governments, net | 147,160 |
| Total assets | <u>543,979</u> |
| LIABILITIES | |
| Accounts payable | 5,029 |
| Due to other governments | 180,752 |
| Total liabilities | <u>185,781</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations, and other governments | 358,198 |
| Total fiduciary net position | <u><u>\$ 358,198</u></u> |

Edgecombe County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2021

| | Custodial Funds |
|---|--------------------------|
| ADDITIONS | |
| Ad valorem taxes for other governments | \$ 2,108,388 |
| Collections on behalf of inmates | 466,100 |
| Collections on behalf of others | 36,958 |
| Total additions | <u>2,611,446</u> |
| DEDUCTIONS | |
| Tax distributions to other governments | 2,128,110 |
| Payments on behalf of inmates | 453,393 |
| Payments on behalf of other organizations | 28,659 |
| Total deductions | <u>2,610,162</u> |
| Net increase (decrease) in fiduciary net position | 1,284 |
| Net position, beginning, as previously reported | - |
| Prior period restatement - change in accounting principle | <u>356,914</u> |
| Net position, beginning, as restated | <u>356,914</u> |
| Net position, ending | <u><u>\$ 358,198</u></u> |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE I: Summary of Significant Accounting Policies

A. Reporting Entity

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

Blended Component Units

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

Edgecombe County 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.

Component Units

Edgecombe County Public Facilities Corporation

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

Edgecombe County ABC Board

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

Edgecombe County Tourism Development Authority

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

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| Component | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|--|------------------|---|---|
| Edgecombe County Water District No. 1 | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Water District No. 2 | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Water District No. 3 | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Water District No. 4 | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Water District No. 5 | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Water District No. 6 (Town of Princeville) | Blended | Under State law (NCGS 162A-89), the County's board of commissioners also serve as the governing board for the District. | None issued |
| Edgecombe County Industrial Facility and Pollution Control Financing Authority | Discrete | The Authority is governed by a seven-member board of commissioners that is appointed by the County commissioners. The County can remove any commissioner of the Authority with or without cause. There was no activity within the Authority during the fiscal year ended June 30, 2021. | None issued |
| Edgecombe County ABC Board | Discrete | The members of the ABC Board's governing body are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. | Edgecombe County ABC Board 404 W. Wilson Street Tarboro, NC 27886 |
| Edgecombe County Tourism Development Authority | Discrete | The Authority exists to promote tourism within the county. The members of the TDA's governing board are appointed by the County, the Town of Tarboro, and the Chamber of Commerce. Funds are generated through a 6% occupancy tax. | None issued |
| Edgecombe County Public Facilities Corporation | Discrete | The members of the Corporation's Board are appointed by the County. The County and the Corporation have a financial benefit or burden relationship. | None issued |

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

EDGECOMBE COUNTY, NORTH CAROLINA
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B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Municipal Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various municipalities within the County but are not revenues to the County; the Jail Inmate Pay Fund, which holds cash deposits made to inmates as payment for work performed while incarcerated as well as cash collections for the benefit of inmates from their friends and families; and the Cooperative Extension and 4H Fund which accounts for monies held in a trust for the Cooperative Extension and 4H programs within the County.

EDGECOMBE COUNTY, NORTH CAROLINA
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Non-major Funds - The County maintains five annually budgeted funds. The Fire Districts Fund, Emergency Telephone System Fund, Representative Payee Fund, Fines and Forfeitures Fund, and the Deed of Trust Fee Fund are reported as non-major special revenue funds. The Schools Capital Project Fund is reported as non-major capital project funds. The CDBG Grant Fund, the Economic Development and Housing Recovery Fund, the Hazard Mitigation Grant Program Fund (County), and Hazard Mitigation Grant Program (Princeville) are reported as grant projects funds and multi-year budgets are adopted upon project approval.

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. 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 general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues 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.

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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 by general revenues.

Use of Estimates

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

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, Revaluation Fund, Fire Districts Fund, School Capital Project Fund, Emergency Telephone System Fund, Representative Payee Fund, Fines and Forfeitures Fund, Deed of Trust Fund, Water and Sewer Operations Fund, and Solid Waste Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the, Community Development Block Grant Fund, Economic Development and Housing Recovery Fund, Hazard Mitigation Grant Program Fund (County), Hazard Mitigation Grant Program (Princeville), and the Water Districts Capital Projects funds. The Landfill Closure and Post-closure Reserve Fund and the Enterprise Capital Project funds are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting system used to record transactions. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000. The County manager may move up to \$10,000 between line items appropriations and must provide a list of such changes to the Board at the next meeting. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget to cover that time until the annual ordinance can be adopted.

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

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

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

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

1. Deposits and Investments

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

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

The majority of the County, ABC Board, and Tourism Development Authority's investments are carried at fair value. Non-participating interest earnings contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30(c)(8). One of these funds, the Government Portfolio, is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAmf by Moody Investor Services. The Government Portfolio is reported at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the School Capital Projects Fund and Debt Service Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. Restricted cash and cash equivalents consists of the following at June 30, 2021:

Governmental Activities

| | | |
|-------------------------------|---------------------------------|------------------|
| General Fund | Tax Revaluation (G.S. 153A-150) | \$ 1,060,068 |
| General Fund | Debt Service Fund | 231,896 |
| General Fund | Public Safety | 75,354 |
| General Fund | Unspent loan proceeds | 27,694 |
| COVID Grant Funds | Unspent grant proceeds | 110,338 |
| Total Governmental Activities | | <u>1,505,350</u> |

Business-Type Activities

| | | |
|--------------------------------|-------------------|----------------|
| Water and Sewer Fund | Customer Deposits | 219,382 |
| Water and Sewer Fund | Debt Reserve | 90,352 |
| Solid Waste Fund | Customer Deposits | 14,341 |
| Total Business-Type Activities | | <u>324,075</u> |

| | | |
|-----------------------|--|----------------------------|
| Total Restricted Cash | | <u><u>\$ 1,829,425</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 July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Allowance for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

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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.

7. Capital Assets

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

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

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

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

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

| | <u>Years</u> |
|-------------------------|--------------|
| Buildings | 20 |
| Leasehold Improvements | 10-20 |
| Furniture and Equipment | 10 |
| Vehicles | 3-5 |

8. Deferred Outflows/Inflows of Resources

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

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

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Restricted for Human Services - portion of fund balance that is restricted by revenue source for human services health program and portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

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

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

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

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

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

Assigned Fund Balance - portion of fund balance that Edgecombe County's governing body has budgeted.

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

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

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

EDGECOMBE COUNTY, NORTH CAROLINA
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12. Defined Benefit Pension Plan

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

13. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment of \$6,142,358 consists of several elements as shown below:

| Description | Amount |
|--|---------------------|
| Total fund balances - governmental funds | \$ 25,743,848 |
| Net pension asset | 70,184 |
| Net investment in Joint Venture. This investment is not a current financial resource and therefore not reported in the funds. | 3,822,557 |
| Charges related to advance refunding bond issue. | 44,363 |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund statements. | |
| Historical cost of capital assets | 73,942,682 |
| Accumulated depreciation | <u>(28,169,853)</u> |
| | 45,772,829 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Activities. | 1,761,803 |
| Benefit payments and administrative costs for LEOSSA | 52,762 |
| Contributions to the OPEB plan in the current fiscal year | 115,578 |
| Pension related deferrals | 2,954,628 |
| OPEB deferrals | (444,780) |
| Deferred inflows of resources reported in the fund statements but not the government-wide statements. | |
| Taxes receivable - General Fund | 3,549,945 |
| Taxes receivable - Special Revenue Funds | 153,909 |
| Other deferred revenues | <u>5,356</u> |
| Total deferred inflows | 3,709,210 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds. (accrued interest on taxes receivable) | 658,031 |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

| | | |
|---|--------------|----------------------|
| Compensated absences | (1,505,904) | |
| Net pension liability | (7,485,327) | |
| Total pension liability - LEOSSA | (2,355,827) | |
| Total OPEB liability | (8,102,925) | |
| Accrued interest | (306,835) | |
| Long-term debt | (32,617,989) | |
| Total | | (52,374,807) |
| Total Adjustment | | 6,142,358 |
| Net position of governmental activities | | <u>\$ 31,886,206</u> |

2 Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities:

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in total fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. The total adjustment of \$1,766,375 consists of several elements as shown below:

| Description | Amount |
|---|--------------|
| Net change in fund balances - governmental funds | \$ 3,563,461 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | |
| Capital outlay expenditures which were capitalized | 3,274,985 |
| Depreciation expense for governmental assets | (1,567,172) |
| | 1,707,813 |
| Capital assets acquired with the consolidation of rescue squads | 121,409 |
| Gain (loss) from change in net investment in joint venture | 11,633 |
| 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 accrued taxes receivable | 658,031 |
| Increase (decrease) in deferred inflows of resources - taxes receivable | (833,306) |
| Increase (decrease) in deferred inflows of resources - other revenues | (4,476) |
| | (179,751) |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities | |
| LGERS | 1,758,379 |
| ROD | 3,424 |
| | 1,761,803 |
| Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position | 52,762 |
| Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position | 115,578 |
| New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide Statement of Net Position | (786,258) |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2 Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities (continued):

| | |
|--|---------------------|
| Debt acquired as a result of the consolidation of the rescue squads with the County. | (1,362,726) |
| Principal payments on debt owed are recorded as a use of funds in the fund statements but only the Statement of Net Position in the government-wide statements. | 3,371,868 |
| 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 | |
| Compensated absences | 17,612 |
| OPEB expense | (343,535) |
| Accrued interest | (1,514) |
| Amortization of premium on debt | 23,651 |
| Amortization of charges for advance refunding of debt | (22,182) |
| Pension expense | (2,721,788) |
| Total adjustments | <u>1,766,375</u> |
| Change in net position of governmental activities | <u>\$ 5,329,836</u> |

NOTE II: Stewardship, Compliance and Accountability

Deficit Fund Balance or Net Position of Individual Funds

For the fiscal year ended June 30, 2021, the expenditures made in the ABC Board's proprietary fund exceeded the authorized appropriations made by the governing body in distributions to the municipalities and the County, and cost of goods sold. Management and Board of Directors of the ABC Board will more closely review the budget reports to ensure compliance in future years.

For the fiscal year ended June 30, 2021, the following funds carried deficit fund balances.

| | |
|--|--------------|
| Employee Health Insurance Fund (for reporting, consolidated with the general fund) | \$ (312,740) |
| Community Development Block Grant Fund | (534,539) ** |
| Hazard Mitigation Grant Fund (County) | (112,083) ** |
| Hazard Mitigation Grant Fund (Princeville) | (926,343) ** |
| Economic Development and Housing Recovery Fund | (773,208) ** |

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

** These funds are all multi-year project funds. The budget has not been clearly established in the accounting software to agree with the project ordinances.

The County has not been timely requesting reimbursements for the project funds, thereby creating deficit fund balances. Representatives of the County are in the process of requesting reimbursements from the grant agencies which should eliminate the deficit balances.

Excess of Expenditures over Appropriations

The County did not appropriately record the capital lease proceeds and offsetting capital outlay at the inception of the agreement. Additionally, the County received an escrow loan for \$450,000, but only recorded the amount expended of the loan as loan proceeds, thereby creating a budget violation for not budgeting the receipt of loan and lease proceeds.

The County will review the budget to ensure that all loan or lease proceeds are appropriately budgeted.

For the fiscal year ended June 30, 2021, the following departments' expenditures exceeded amount approved in the budget ordinance and subsequent amendments.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

General Fund:

| | |
|--------------------------------------|-----------|
| General Government - Data Processing | \$ 21,081 |
| General Government - BOE HAVA Grant | 69,286 |
| Education | 89,997 |
| Environmental Protection | 12,851 |
| Debt Service | 294,809 |
| Fire Districts Fund | 212,217 |

The overexpenditures in Education and Environmental Protection were oversights. Additional expenditures were incurred close to the end of the year, so appropriate amendments were not requested. For Debt Service, the County incurred new loans, and did not properly budget the first year payments. The Board will closely monitor the budget going forward to ensure budget is available.

Noncompliance with General Stautes

For the fiscal year ended June 30, 2021, the Tourism Development Authority did not have a \$50,000 performance bond for the Finance Officer as required by N.C.G.S. 159-29. That policy has been purchased for the fiscal year ending June 30, 2022.

For the fiscal year ended June 30, 2021, the ABC Board did not expend at least 5% of profits for law enforcement required by N.C.G.S 18B-805(c)(2). The Board will put policies and procedures in place to ensure that future distributions are made in a timely manner.

NOTE III: Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2021 the County's deposits had a carrying amount of \$954,864 and a bank balance of \$2,559,954. Of the bank balance, \$400,935 was covered by federal depository insurance; and \$2,159,019 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2021, the County had \$3,125 cash on hand.

At June 30, 2021 the carrying amount of deposits for the Edgecombe County ABC Board was \$1,697,089 and the bank balance was \$1,762,072. Of the bank balance, \$697,332 was covered by federal depository insurance and \$1,064,740 was covered by collateral held under the Pooling Method. At June 30, 2021, the ABC Board had \$4,243 cash on hand.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

At June 30, 2021 the carrying amount of the Tourism Development Authority's deposits was \$183,987 and the bank balance was \$182,119. The entire bank balance was covered by federal depository insurance at June 30, 2021.

At June 30, 2021 the carrying amount of the Tourism Development Authority Public Facilities Corporation's deposits was \$448,193 and the bank balance was \$448,193. Of the bank balance, \$250,000 was covered by federal depository insurance and \$198,193 was covered by collateral held under the Pooling Method at June 30, 2021.

2. Investments

At June 30, 2021, the County had the following investments and maturities:

| | Valuation Measurement Method | Fair Value | Less Than 6 Months | 6-12 Months | Greater Than One Year | % Concentration |
|---------------------------------|---|----------------------|-------------------------------|------------------------|--------------------------------------|----------------------------|
| Government Portfolio | Fair Value- Level 1 | \$ 24,664,192 | \$ 24,664,192 | \$ - | \$ - | 100% |
| Total | | <u>\$ 24,664,192</u> | <u>\$ 24,664,192</u> | <u>\$ -</u> | <u>\$ -</u> | <u>100%</u> |

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

All investments of the County and TDA 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 identical assets. Level Two debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

Credit Risk - The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). However, the County had no formal policy on managing credit risk. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2021.

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

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

| Year Levied | Tax | Interest | Total |
|----------------|----------------------|---------------------|----------------------|
| 2018 | \$ 2,880,151 | \$ 943,249 | \$ 3,823,400 |
| 2019 | 2,925,514 | 694,810 | 3,620,324 |
| 2020 | 2,953,544 | 435,648 | 3,389,192 |
| 2021 | 2,980,250 | 171,364 | 3,151,614 |
| Total | <u>\$ 11,739,459</u> | <u>\$ 2,245,071</u> | <u>\$ 13,984,530</u> |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. Receivables

Receivables at the government-wide level at June 30, 2021, were as follows:

| | Accounts Receivable | Taxes and Related Accrued Interest | Due from Other Governments | Other | Total |
|--------------------------------|------------------------|--|----------------------------------|-------|--------------|
| Governmental Activities: | | | | | |
| General | \$ 86,843 | \$ 5,701,508 | 5,428,788 | \$ - | \$ 5,788,351 |
| Other Governmental | - | 153,909 | 264,920 | - | 153,909 |
| Total Receivables | 86,843 | 5,855,417 | 5,693,708 | - | 5,942,260 |
| Allowance for Doubtful Accts. | - | (1,570,634) | - | - | (1,570,634) |
| Total Governmental Activities | \$ 86,843 | \$ 4,284,783 | \$ 5,693,708 | \$ - | \$ 4,371,626 |
| Business-type Activities: | | | | | |
| Water and Sewer | 1,873,414 | - | - | - | 1,873,414 |
| Solid Waste | 758,334 | - | 25,994 | - | 758,334 |
| Total Receivables | 2,631,748 | - | 25,994 | - | 2,631,748 |
| Allowance for Doubtful Accts. | (1,356,223) | - | - | - | (1,356,223) |
| Total Business-type Activities | \$ 1,275,525 | \$ - | \$ 25,994 | \$ - | \$ 1,275,525 |

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

| Description | Governmental Activities | Business-type Activities |
|---------------------------------------|----------------------------|-----------------------------|
| NC Division of Motor Vehicles | \$ 510,784 | \$ - |
| North Carolina Department of Revenue | | |
| Local option sales taxes | 2,022,459 | - |
| Franchise tax | 9,750 | - |
| Sales tax refund | 822,272 | - |
| Scrap Tire | - | 20,937 |
| Solid Waste Disposal | - | 5,057 |
| State Withholding | 77 | - |
| Inmate housing fees | 202,026 | - |
| NCDMV interest on motor vehicle taxes | 71 | - |
| NCDMV revenue | 12,850 | - |
| School Resource Officer | 62,313 | - |
| 911 Fees | 9,657 | - |
| Other Reimbursements | 14,013 | - |
| Health Department | | |
| Health Department other receivables | 860,498 | - |
| Department of Social Services | | |
| DSS Administrative reimbursement | 1,085,437 | - |
| Other DSS Reimbursements | 81,501 | - |
| Total | \$ 5,693,708 | \$ 25,994 |

Due from component unit for the County consists of ABC profit distributions due from the Edgecombe County ABC Board as of June 30, 2021, that are payable to the County.

Due from primary government for the Tourism Development Authority consists of occupancy taxes collected by Edgecombe County as of June 30, 2021, that are payable to the Tourism Development Authority.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2021, was as follows:

| <u>Governmental Activities:</u> | Beginning Balances | Increases | Transfers | Retirements | Ending Balances |
|---|-----------------------|--------------|-----------|--------------|--------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 18,889,806 | \$ - | \$ - | \$ - | \$ 18,889,806 |
| Construction in Progress | 8,561,524 | 400,902 | - | - | 8,962,426 |
| Total capital assets not being depreciated | 27,451,330 | 400,902 | - | - | 27,852,232 |
| Capital assets being depreciated: | | | | | |
| Buildings and Improvements | 31,774,325 | 1,039,273 | - | - | 32,813,598 |
| Equipment | 6,344,430 | 1,217,402 | - | (333,254) | 7,228,578 |
| Vehicles | 5,335,619 | 738,817 | - | (26,162) | 6,048,274 |
| Total capital assets being depreciated: | 43,454,374 | 2,995,492 | - | (359,416) | 46,090,450 |
| Less accumulated depreciation for: | | | | | |
| Buildings and Improvements | 17,256,045 | 844,964 | - | - | 18,101,009 |
| Equipment | 5,715,903 | 273,942 | - | (333,254) | 5,656,591 |
| Vehicles | 3,990,149 | 448,266 | - | (26,162) | 4,412,253 |
| Total accumulated depreciation | 26,962,097 | \$ 1,567,172 | \$ - | \$ (359,416) | 28,169,853 |
| Total capital assets being depreciated, net | 16,492,277 | | | | 17,920,597 |
| Governmental activity capital assets, net | \$ 43,943,607 | | | | \$ 45,772,829 |

Depreciation expenses are charged to functions/ program of the governmental activity capital assets as follows:

| | |
|-----------------------------------|---------------------|
| General Government | \$ 319,726 |
| Public Safety | 823,242 |
| Human Services | 380,789 |
| Economic and Physical Development | 10,378 |
| Cultural & Recreational | 33,037 |
| Total Depreciation Expense | <u>\$ 1,567,172</u> |

Special Item - Schools, Conduit Debt

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

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Business-type activities:

| Water and Sewer Fund | Beginning Balances | Increases | Transfers | Retirements | Ending Balances |
|--|-----------------------|--------------|-----------|-------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 51,992 | \$ - | \$ - | \$ - | \$ 51,992 |
| Construction in progress | 817,768 | 784,284 | - | - | 1,602,052 |
| Total capital assets not being depreciated: | 869,760 | 784,284 | - | - | 1,654,044 |
| Capital assets being depreciated: | | | | | |
| Plants and distribution systems | 64,427,989 | - | - | - | 64,427,989 |
| Buildings and improvements | 1,166,880 | - | - | - | 1,166,880 |
| Equipment | 572,872 | 130,129 | - | - | 703,001 |
| Vehicles | 869,363 | 48,373 | - | - | 917,736 |
| Total capital assets being depreciated | 67,037,104 | 178,502 | - | - | 67,215,606 |
| Less accumulated depreciation for: | | | | | |
| Plants and distribution systems | 13,775,602 | 1,281,895 | - | - | 15,057,497 |
| Buildings and improvements | 277,961 | 18,383 | - | - | 296,344 |
| Equipment | 473,938 | 57,354 | - | - | 531,292 |
| Vehicles | 621,199 | 54,618 | - | - | 675,817 |
| Total accumulated depreciation | 15,148,700 | \$ 1,412,250 | \$ - | \$ - | 16,560,950 |
| Total capital assets being depreciated, net | 51,888,404 | | | | 50,654,656 |
| Water and Sewer activity capital assets, net | <u>\$ 52,758,164</u> | | | | <u>\$ 52,308,700</u> |

| Solid Waste Fund | Beginning Balances | Increases | Transfers | Retirements | Ending Balances |
|--|-----------------------|------------|-----------|--------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,151,736 | \$ - | \$ - | \$ - | \$ 1,151,736 |
| Total capital assets not being depreciated | 1,151,736 | - | - | - | 1,151,736 |
| Capital assets being depreciated: | | | | | |
| Buildings | 2,775,287 | - | - | - | 2,775,287 |
| Equipment | 2,658,913 | 28,025 | - | - | 2,686,938 |
| Vehicles | 1,937,022 | 168,000 | - | (197,027) | 1,907,995 |
| Total capital assets being depreciated | 7,371,222 | 196,025 | - | (197,027) | 7,370,220 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 1,000,682 | 82,498 | - | - | 1,083,180 |
| Equipment | 1,413,148 | 107,297 | - | - | 1,520,445 |
| Vehicles | 1,480,491 | 60,219 | - | (197,027) | 1,343,683 |
| Total accumulated depreciation | 3,894,321 | \$ 250,014 | \$ - | \$ (197,027) | 3,947,308 |
| Total capital assets being depreciated, net | 3,476,901 | | | | 3,422,912 |
| Solid Waste activity capital assets net | <u>4,628,637</u> | | | | <u>4,574,648</u> |
| Business-type activities capital assets, net | <u>\$ 57,386,801</u> | | | | <u>\$ 56,883,348</u> |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Construction Commitments

The County has active construction projects at June 30, 2021. These projects include water system improvements and other capital improvements. At June 30, 2021, the County's commitments with contractors are as follows:

| <u>Project</u> | <u>Contract Amount</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---|----------------------------|----------------------|---------------------------------|
| General Fund | | | |
| EMS Station Mold Remediation -ACI Restoration | \$ 112,338 | \$ 48,062 | \$ 64,276 |
| Water and Sewer System | | | |
| Kingsboro Industrial Park - T.A. Loving Co | 6,115,587 | 5,640,256 | 475,331 |

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2021 was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|--|-------------------------------|------------------|------------------|----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 148,525 | \$ - | \$ - | \$ 148,525 |
| Total capital assets not being depreciated | 148,525 | - | - | 148,525 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 1,192,507 | 3,300 | - | 1,195,807 |
| Equipment and furniture | 236,524 | 3,554 | - | 240,078 |
| Vehicles | 56,390 | 62,934 | - | 119,324 |
| Total capital assets being depreciated | 1,485,421 | 69,788 | - | 1,555,209 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 787,810 | 16,988 | - | 804,798 |
| Equipment and furniture | 168,960 | 14,219 | - | 183,179 |
| Vehicles | 35,070 | 8,087 | - | 43,157 |
| Total accumulated depreciation | 991,840 | \$ 39,294 | \$ - | 1,031,134 |
| Total capital assets being depreciate | 493,581 | | | 524,075 |
| Capital assets, net | \$ 642,106 | | | \$ 672,600 |

Net Investment in Capital Assets

The net investment in capital assets at June 30, 2021 is composed of the following:

| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> |
|--|------------------------------------|--------------------------------------|
| Capital assets (Net of depreciation) | \$ 45,772,829 | \$ 56,883,348 |
| Add: | | |
| Deferred charges (capital related) | 44,363 | 54,500 |
| Total capital assets and related | 45,817,192 | 56,937,848 |
| Total debt, gross | 32,617,989 | 15,046,660 |
| Less: | | |
| Debt related to assets not owned by the County | - | - |
| Capital related unspent debt issuances | 27,694 | - |
| Total capital debt | 32,590,295 | 15,046,660 |
| Net investment in capital assets | \$ 13,226,897 | \$ 41,891,188 |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021, were as follows :

| | Vendors | Due to Other Governments | Government Component Unit | Accrued Interest | Claims Incurred But Not Reported | Total |
|--------------------------------|---------------------|--------------------------|---------------------------|-------------------|----------------------------------|---------------------|
| Governmental Activities: | | | | | | |
| General | \$ 1,615,623 | \$ 170,223 | \$ 6,906 | \$ 306,835 | \$ 320,622 | \$ 2,420,209 |
| Other Governmental | 289,265 | - | - | - | - | 289,265 |
| Total Governmental Activities | <u>\$ 1,904,888</u> | <u>\$ 170,223</u> | <u>\$ 6,906</u> | <u>\$ 306,835</u> | <u>\$ 320,622</u> | <u>\$ 2,709,474</u> |
| Business-type Activities: | | | | | | |
| Water and Sewer | \$ 30,916 | \$ 11,033 | \$ - | \$ 39,716 | \$ - | \$ 81,665 |
| Solid Waste | 32,252 | - | - | - | - | 32,252 |
| Total Business-type Activities | <u>\$ 63,168</u> | <u>\$ 11,033</u> | <u>\$ -</u> | <u>\$ 39,716</u> | <u>\$ -</u> | <u>\$ 113,917</u> |

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.84% of compensation for law enforcement officers, 10.24% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,817,132 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$7,797,216 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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, 2021, the County's proportion was 0.218% (measured as of June 30, 2020), which was a decrease of .002% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$2,639,698. At June 30, 2021, 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 | \$ 984,652 | \$ - |
| Changes in assumptions | 580,266 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,097,250 | - |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 12,466 | 136,768 |
| County contributions subsequent to the measurement date | 1,817,132 | - |
| Total | <u>\$ 4,491,766</u> | <u>\$ 136,768</u> |

\$1,817,132 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30:

| | |
|------------|---------------------|
| 2022 | \$ 693,527 |
| 2023 | 944,454 |
| 2024 | 575,154 |
| 2025 | 324,731 |
| 2026 | - |
| Thereafter | - |
| | <u>\$ 2,537,866</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 Percent |
| Salary Increases | 3.50 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, 2019 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

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, 2021 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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.

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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) | \$ 15,819,701 | \$ 7,797,216 | \$ 1,129,966 |

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

b. Law Enforcement Officers' Special Separation Allowance

1 Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At the December 31, 2019 valuation date, the Separation Allowance's membership consisted of:

| | |
|---|-----------|
| Retirees receiving benefits | 9 |
| Terminated plan members entitled to but not yet receiving benefits. | - |
| Active plan members | 53 |
| Total | <u>62</u> |

Summary of Significant Accounting Policies :

Basis of Accounting

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 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 | 3.25 to 7.75 percent, including inflation and productivity factor |
| Discount rate | 1.93 percent |

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

The actuarial assumptions used in the December 31, 2019 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, 2019.

EDGECOMBE COUNTY, NORTH CAROLINA
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Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths Before Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Contributions

The County is required by article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investments. The County paid \$113,570 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, 2021, the County reported a total pension liability of \$2,355,827. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$186,741.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 80,665 | \$ 32,519 |
| Changes of assumptions | 505,758 | 34,337 |
| County benefit payments and plan administrative expense made subsequent to the measurement date | 52,762 | - |
| Total | <u>\$ 639,185</u> | <u>\$ 66,856</u> |

\$52,762 reported as deferred outflows of resources related to pensions resulting for benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

| | |
|------------|------------|
| 2022 | \$ 115,486 |
| 2023 | 113,732 |
| 2024 | 114,408 |
| 2025 | 123,472 |
| 2026 | 52,469 |
| Thereafter | - |

Sensitivity of the County's pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 1.93 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 (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

EDGECOMBE COUNTY, NORTH CAROLINA
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| | 1% Decrease (0.93%) | Discount Rate (1.93%) | 1% Increase (2.93%) |
|---|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 2,553,360 | \$ 2,355,827 | \$ 2,175,161 |

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

| | 2021 |
|--|---------------------|
| Beginning balance | \$ 1,729,518 |
| Service Cost | 74,654 |
| Interest on the total pension liability | 54,531 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 67,366 |
| Changes of assumptions or other inputs | 543,328 |
| Benefit payments | (113,570) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 2,355,827</u> |

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at June 30, 2019 (measurement date) to 1.93 percent at June 30, 2020 (measurement date).

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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 the 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The County also contributes two percent of salary for other full-time employees not engaged in law enforcement. Also, the law enforcement officers and other employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$428,242, which includes \$128,511 for law enforcement officers and \$299,731 for other employees. No amounts were forfeited.

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d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Nash 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 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,424 for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2021, the County reported an asset of \$70,184 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was 0.3062%, which was a decrease of 0.0187% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension revenue of \$2,106. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,430 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 6,005 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 6,144 | - |
| County contributions subsequent to the measurement | 3,424 | - |
| Total | <u>\$ 9,568</u> | <u>\$ 7,435</u> |

\$3,424 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30:

| | |
|------------|-------------------|
| 2022 | \$ 2,028 |
| 2023 | 902 |
| 2024 | (2,710) |
| 2025 | (1,511) |
| 2026 | - |
| Thereafter | - |
| | <u>\$ (1,291)</u> |

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

| | |
|---------------------------|---|
| Inflation | 3.0 Percent |
| Salary Increases | 3.50 to 7.75 percent, including inflation and productivity factor |
| Investment Rate of Return | 3.75 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2019 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 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, 2021 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

| | 1% Decrease (2.75%) | Discount Rate (3.75%) | 1% Increase (4.75%) |
|---|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (59,613) | \$ (70,184) | \$ (79,129) |

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Pension Plan Fiduciary Net Position . Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of June 30, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

| | LGERS | ROD | LEOSSA | Total |
|--|--------------|-------------|---------------|--------------|
| Proportionate Share of Net Pension Liability (Asset) | \$ 7,797,216 | \$ (70,184) | \$ - | \$ 7,727,032 |
| Proportion of the Net Pension Liability (Asset) | 0.21820% | 0.30624% | n/a | |
| Total Pension Liability | \$ - | \$ - | \$ 2,355,827 | \$ 2,355,827 |
| Pension Expense (Revenue) | \$ 2,639,698 | \$ (2,106) | \$ 186,741 | \$ 2,824,333 |

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | LGERS | ROD | LEOSSA | Total |
|---|--------------|------------|---------------|--------------|
| <u>Deferred Outflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$ 984,652 | \$ - | \$ 80,665 | \$ 1,065,317 |
| Changes of assumptions | 580,266 | - | 505,758 | 1,086,024 |
| Net difference between projected and actual earnings on pension plan investment | 1,097,250 | - | - | 1,097,250 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 12,466 | 6,144 | - | 18,610 |
| County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 1,817,132 | 3,424 | 52,762 | 1,873,318 |
| <u>Deferred Inflows of Resources</u> | | | | |
| Differences between expected and actual experience | \$ - | \$ 1,430 | \$ 32,519 | \$ 33,949 |
| Changes of assumptions | - | - | 34,337 | 34,337 |
| Net difference between projected and actual earnings on pension plan investment | - | 6,005 | - | 6,005 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 136,768 | - | - | 136,768 |

f. Edgecombe County ABC Board Pension Plan

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

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g. Other Postemployment Benefits

Healthcare Benefits

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

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

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

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

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

| | |
|--|------------|
| Retirees and dependents receiving benefits | 55 |
| Active | 411 |
| Total | <u>466</u> |

Total OPEB Liability

The County's total OPEB liability of \$8,605,103 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.50 percent |
| Real wage growth | 1.00 percent |
| Wage inflation | 3.50 percent |
| Salary increases, including wage inflation: | |
| General Employees | 3.50 to 7.75 percent, including inflation |
| Law Enforcement Officers | 3.50 to 7.35 percent, including inflation |
| Discount rate - Municipal Bond Index Rate | |
| Prior measurement date | 3.50 percent |
| Measurement date | 2.21 percent |
| Healthcare cost trend rates Pre-Medica | |
| 7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026 | |
| Dental | 4.00 percent |

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

EDGECOMBE COUNTY, NORTH CAROLINA
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Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balances at June 30, 2020 | \$ 7,344,523 |
| Changes for the Year: | |
| Service Cost | 259,620 |
| Interest | 263,642 |
| Differences between Expected and Actual experience | (311,946) |
| Changes of assumptions or other inputs | 1,193,508 |
| Benefit payments | (144,244) |
| Net Changes | 1,260,580 |
| Balances at June 30, 2021 | <u>\$ 8,605,103</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent to 2.21 percent.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

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

The following presents the net OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) and 1-percentage-point higher (3.21 percent) than the current discount rate:

| | 1% Decrease (1.21 percent) | Discount Rate (2.21 Percent) | 1% Increase (3.21 percent) |
|------------------------------|-------------------------------|---------------------------------|-------------------------------|
| Total OPEB liability (asset) | \$ 9,734,434 | \$ 8,605,103 | \$ 7,657,627 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

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

| | 1% Decrease | Current | 1% Increase |
|------------------------------|--------------|--------------|---------------|
| Total OPEB liability (asset) | \$ 7,437,581 | \$ 8,605,103 | \$ 10,046,674 |

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$655,886. At June 30, 2021 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Outflows of Resources | Inflows of Resources |
|---|--------------------------|-------------------------|
| Differences between expected and actual experience | \$ 47,367 | \$ 1,323,545 |
| Changes of assumptions | 1,118,921 | 315,089 |
| Benefit payments and administrative costs made subsequent to the measurement date | 115,578 | - |
| Total | <u>\$ 2,920,500</u> | <u>\$ 1,638,634</u> |

\$115,578 reported as deferred outflows of resources related to OPEB resulting from County benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Year ended June 30

| | |
|------------|--------------|
| 2022 | \$ (167,376) |
| 2023 | (167,376) |
| 2024 | (142,183) |
| 2025 | (89,054) |
| 2026 | 8,671 |
| Thereafter | 84,972 |

h. Other Employment Benefits

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

The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. For the fiscal year ended June 30, 2021, the County made contributions to the State for death benefits of \$17,130. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.09% and 0.14% of covered payroll, respectively. The County considers these contributions to be immaterial.

3 Closure and Post-Closure Costs

State and federal laws and regulations require the County to place a final cover on the Edgecombe County Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,009,619 reported as landfill closure and post closure care liability at June 30, 2021 represents a cumulative amount reported to date based on the use of 63.1% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure care of \$5,009,619 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2021. The County expects to close the landfill in the year 2058. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4 Deferred Outflows and Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| <u>Statement of Net Position</u> | | |
| Charge on refunding of debt | \$ 98,863 | \$ - |
| Pensions - difference between expected and actual experience | | |
| LGERS | 984,652 | - |
| Register of Deeds | - | 1,430 |
| LEOSSA | 80,665 | 32,519 |
| OPEB | 47,367 | 1,323,545 |
| Changes of assumptions | | |
| LGERS | 580,266 | - |
| LEOSSA | 505,758 | 34,337 |
| OPEB | 1,118,921 | 315,089 |
| Pensions - difference between projected and actual investment | | |
| LGERS | 1,097,250 | - |
| Register of Deeds | - | 6,005 |
| Pensions - change in proportion and difference between employer contributions and proportionate | | |
| LGERS | 12,466 | 136,768 |
| Register of Deeds | 6,144 | - |
| Contributions, benefits and admin costs paid subsequent to | | |
| LGERS | 1,817,132 | - |
| Register of Deeds | 3,424 | - |
| LEOSSA | 52,762 | - |
| Benefit payments for the OPEB plan paid subsequent to measurement date | 115,578 | - |
| Prepaid taxes not yet earned (General) | - | 124,785 |
| Total | <u>\$ 6,521,248</u> | <u>\$ 1,974,478</u> |

Governmental Fund Balance Sheet

| | | |
|--|-------------|---------------------|
| Prepaid taxes not yet earned (General Fund) | - | 124,785 |
| Property tax receivable, net (General) | - | 3,549,945 |
| Property tax receivable, net (Special Revenue) | - | 153,909 |
| Special assessments receivable (General) | - | 3,145 |
| Other deferred revenue (General) | - | 2,211 |
| Other deferred revenue (Human Services) | - | - |
| | <u>\$ -</u> | <u>\$ 3,833,995</u> |

5 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$81.1 million for any one occurrence, general, auto, public officials, law enforcement and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, cyber liability coverage of \$1 million, crime coverage of \$500,000 per occurrence, and workers' compensation coverage up to the North Carolina statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a \$500,000 retention up to a \$2 million limit for liability coverage, and \$1,750,000 of each loss in excess of a \$250,000 per occurrence retention for property, and auto physical damage. For workers' compensation, there is a per occurrence retention of \$750,000.

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

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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In accordance with G.S. 159-29, County employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$500,000 and \$100,000, respectively. The sheriff is bonded for \$25,000. The remaining employees who have access to funds are bonded under a blanket bond for \$500,000. The County carries commercial insurance for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

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

Premiums are paid to the fund by the County for employees and by the employee for dependents. A total of \$2,337,680 in claims was incurred for benefits during the year ended June 30, 2021. Changes in the fund's claims liability amount were as follows:

| | Year Ended June 30 | | |
|---|--------------------|-------------|-------------|
| | 2021 | 2020 | 2019 |
| Unpaid claims, beginning of year | \$ 733,452 | \$ 609,850 | \$ 721,984 |
| Incurred claims (including incurred but not reported) | 2,337,680 | 3,029,820 | 4,292,702 |
| Claim payments | (2,758,783) | (2,906,218) | (4,404,836) |
| Unpaid claims, end of year | \$ 312,349 | \$ 733,452 | \$ 609,850 |

6 Contingent Liabilities

At June 30, 2021, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

7 Long-Term Obligations

a. Operating Lease

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

b. Capital Lease

The County has entered into an agreement to lease equipment. The lease agreement qualifies as capital leases for accounting purpose and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of its inception.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The agreement was executed on March 31, 2021, for the lease of EMS equipment and requires one annual payment of \$62,852 followed by four annual payments of \$68,351 plus applicable sales/use taxes. Under the terms of the agreement, the County has an option to purchase at the end of the agreement.

At June 30, 2021, the County leased EMS equipment valued at:

| Classes of Property | Cost | Accumulated Depreciation | Net Book Value |
|---------------------|------------|-----------------------------|-------------------|
| Equipment | \$ 336,258 | \$ 16,767 | \$ 319,491 |

For Edgecombe County, the future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

| Year Ending June 30 | |
|------------------------------|-------------------|
| 2022 | \$ 68,351 |
| 2023 | 68,351 |
| 2024 | 68,352 |
| 2025 | 68,352 |
| Total minimum lease payments | <u>\$ 273,406</u> |

c. General Obligation Indebtedness

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

d. Water Bonds

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

The County's general obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

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

| | |
|--|------------------|
| \$3,430,000 2010 School Bonds - March 9, 2010: due in annual principal payments of \$170,000 to \$175,000 and semi-annual interest payments at 3.00% to 4.25%; payable April 1 and October 1 | \$ 1,530,000 |
| \$5,171,000 Refunding School Bonds - June 2015; due in annual principal payments of \$85,000 to \$542,000 and semi-annual interest payments at 1.92%; payable August 1 and February 1 | 2,447,000 |
| Total serviced by the County's General Fund | 3,977,000 |

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

| | |
|--|------------------|
| \$3,615,000 Series 2013 General Obligation bonds; due in annual installments of \$51,000 to \$159,000 (beginning 2016); plus interest at 3.25% through June 2053 | 3,290,000 |
| Total serviced by the Water Fund | 3,290,000 |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for the County's and the Water District's general obligation bonds are as follows:

| Year Ending June 30 | Governmental Activities | | Business-Type Activities | |
|---------------------|-------------------------|-------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 675,000 | \$ 105,632 | \$ 60,000 | \$ 106,925 |
| 2023 | 667,000 | 89,987 | 62,000 | 104,975 |
| 2024 | 658,000 | 74,494 | 64,000 | 102,960 |
| 2025 | 648,000 | 59,174 | 66,000 | 100,880 |
| 2026 | 649,000 | 43,622 | 68,000 | 98,735 |
| 2027-2031 | 680,000 | 69,700 | 376,000 | 458,998 |
| 2032-2036 | - | - | 441,000 | 393,770 |
| 2037-2041 | - | - | 517,000 | 317,330 |
| 2042-2046 | - | - | 607,000 | 227,598 |
| 2047-2051 | - | - | 713,000 | 122,330 |
| 2052-2056 | - | - | 316,000 | 15,438 |
| Total | <u>\$ 3,977,000</u> | <u>\$ 442,609</u> | <u>\$ 3,290,000</u> | <u>\$ 2,049,939</u> |

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

The County's legal debt margin was \$213,664,400 at June 30, 2021.

e. Limited Obligation Bonds

On May 1, 2013, the County Water Districts issued individual refunding bonds in the amount of \$19,255,000 for each of the Water Revenue bonds being refinanced. The County then issued Limited Obligation Bonds (LOBS) to purchase these bonds, as well as to refinance several Installment Purchase Contracts. The County (and bondholders) have a security interest in the Water District's refunding bonds. When debt service payments are due, each water district will remit the debt service payments for their respective bonds to the County, who will then remit it to the bondholders. If a district does not pay, the County has the bonds (and the District's ad valorem taxing power for the general obligation bonds) as collateral. The Limited Obligation Bonds are appropriation-backed and require the Board to budget for the debt service annually. The payments will consist of an annual principal payment and bi-annual interest payments between 2% and 5% over the life of the term. As of June 30, 2021, the balance of the Limited Obligation Bonds was \$11,685,000.

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

The County's limited obligation bonds payable at June 30, 2021 are comprised of the following:

Limited obligation bond payable:

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

| | |
|--------------------------------------|----------------------|
| Serviced by the General Fund | \$ 3,185,000 |
| Serviced by the Water and Sewer Fund | 8,500,000 |
| Total limited obligation bonds | <u>\$ 11,685,000</u> |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

| Year Ending June 30 | Governmental Activities | | Business-Type Activities | |
|---------------------|-------------------------|-------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 555,000 | \$ 136,725 | \$ 400,000 | \$ 352,025 |
| 2023 | 560,000 | 114,525 | 405,000 | 336,025 |
| 2024 | 570,000 | 92,125 | 430,000 | 319,825 |
| 2025 | 575,000 | 63,625 | 435,000 | 298,325 |
| 2026 | 300,000 | 40,625 | 320,000 | 280,925 |
| 2027-2031 | 245,000 | 106,375 | 1,815,000 | 1,161,725 |
| 2032-2036 | 275,000 | 52,625 | 2,145,000 | 761,025 |
| 2037-2041 | 105,000 | 6,063 | 1,965,000 | 339,862 |
| 2042-2046 | - | - | 585,000 | 32,200 |
| Total | <u>\$ 3,185,000</u> | <u>\$ 612,688</u> | <u>\$ 8,500,000</u> | <u>\$ 3,881,937</u> |

f. Revenue Bonds

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

The County has pledged future water and sewer customer revenues of Water District No. 5, net of specified operating expenses, to repay \$638,000 in water and sewer system revenue bonds issued in December 2011, \$780,000 in water and sewer system revenue bonds issued in December 2015, and \$393,000 in water and sewer system revenue bonds issued in March 2017. Proceeds from the bonds provided financing for the water and sewer lines for Water and Sewer District No. 5. The bonds are payable solely from water and sewer customer net revenues of the District and are payable through 2055. Annual principal and interest payments on the bonds are expected to require less than 25% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,651,000. Principal and interest paid for the current year and total customer net revenues were \$33,000 and \$39,360, respectively.

The County is in compliance with bond covenants. The bond orders require the net revenue for each fiscal year be no less than 110% of the revenue bond debt service requirements and no less than 100% of the debt service requirements of any general obligation bonds and installment financing obligations of the District. The debt service coverage ratio for the year ended June 30, 2021 is as follows:

Water District No. 5

| | |
|---|-------------------|
| Revenues | \$ 849,457 |
| Operating expenses * | 548,334 |
| Net revenues | <u>\$ 301,123</u> |
| Debt service, principal and interest paid (Revenue bonds only) | <u>\$ 72,360</u> |
| Debt service coverage | <u>416%</u> |
| Debt service, principal and interest paid (GO bonds and installment financing) | <u>\$ 265,173</u> |
| Debt service coverage ratio | <u>114%</u> |

*Per rate covenants, this does not include the depreciation expense of \$539,476.

EDGECOMBE COUNTY, NORTH CAROLINA
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Revenue bond debt service requirements to maturity are as follows:

| Year Ending June 30 | <u>Business-Type Activities</u> | |
|---------------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2022 | \$ 34,000 | \$ 38,590 |
| 2023 | 35,000 | 37,790 |
| 2024 | 36,000 | 36,970 |
| 2025 | 37,000 | 36,130 |
| 2026 | 37,000 | 35,260 |
| 2027-2031 | 200,000 | 162,740 |
| 2032-2036 | 227,000 | 137,920 |
| 2037-2041 | 255,000 | 109,600 |
| 2042-2046 | 285,000 | 77,880 |
| 2047-2051 | 321,000 | 42,120 |
| 2052-2056 | 184,000 | 10,080 |
| Total | <u>\$ 1,651,000</u> | <u>\$ 725,080</u> |

g. Installment Purchases

As authorized by state law [G.S. 160A-20 and 153A-158.1], the County has financed various property acquisitions and improvements by installment purchase. Upon the occurrence of an event of default, the outstanding principal balance and accrued interest together with any additional amounts payable shall be immediately due and payable without demand or notice of any kind. The County's installment purchase agreements at June 30, 2021 are comprised of the following individual notes:

Serviced by the County's General Fund:

| | |
|--|---------------|
| \$21,535,000 direct borrowing installment purchase agreement - April 12, 2018 due in semi-annual principal and interest payments of various amounts through February 1, 2033; interest at 3.09% on initial advance of \$14,535,000 and 3.27% on additional advance of 7,000,000; payable August 1 and February 1. The financed property stands as collateral for the loan. | \$ 16,996,000 |
| \$121,750 direct borrowing installment purchase agreement; due in annual principal and interest payments of \$7,366 through September 2038; interest at 4.375%; payable September 14. | 93,707 |
| \$6,980,250 direct placement borrowing installment purchase agreement; commencing September 26, 2015; due in annual principal and interest payments of \$441,000 to \$746,500 through 2027 plus interest at 4.82%. The property stands as collateral for the loan. An MOU exists between the County and the Public Facilities Corporation to provide funding for the payments. | 3,987,750 |
| \$600,000 line of credit treated as a direct borrowing installment purchase agreement; secured by police vehicles; May 25, 2018: due in annual principal payments of \$120,000 plus interest at 2.85%; payable December 1. The financed property stands as collateral for the loan. | 224,693 |
| \$1,686,125 seller financed installment agreement payable on June 13, 2022, no stated interest. The financed property stands as collateral for the loan. | 1,686,125 |
| \$450,000 direct borrowing installment purchase agreement to purchase Radios. Payments of \$92,110 due annually by January 1, including interest at 1.096%. The equipment stands as collateral for the loan. | 358,561 |

EDGECOMBE COUNTY, NORTH CAROLINA
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The County assumed a USDA loan associated with the consolidation of the Pinetops Rescue Squad in the amount of \$688,012. This is a direct borrowing installment purchase agreement used to finance the purchase of EMS equipment. Payments of \$49,519 are due annually by November 17, including interest at 3.75%. The equipment stands as collateral for the loan.

688,022

The County assumed a USDA loan associated with the consolidation of the Whitaker Rescue Squad in the amount of \$674,704. This is a direct borrowing installment purchase agreement used to finance the purchase of EMS equipment. Payments of \$48,563 are due annually by November 17, including interest at 3.75%. The equipment stands as collateral for the loan.

674,704

Total Installment Purchases

\$ 24,709,562

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

| Year Ending June 30 | <u>Governmental Activities</u> | |
|---------------------|--------------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 4,044,276 | \$ 771,779 |
| 2023 | 2,376,464 | 688,559 |
| 2024 | 2,305,974 | 604,190 |
| 2025 | 2,341,638 | 521,301 |
| 2026 | 2,286,026 | 436,463 |
| 2027-2031 | 7,861,640 | 1,256,147 |
| 2032-2036 | 3,026,888 | 258,955 |
| 2037-2041 | 465,879 | 53,995 |
| 2042-2046 | 777 | 54 |
| Total | <u>\$ 24,709,562</u> | <u>\$ 4,591,443</u> |

h. Notes Payable

The County's notes payable at June 30, 2021 are comprised of the following individual notes:

Serviced by the County's Water Districts Fund:

Water District No. 1 - \$429,151 DENR Drinking Water Revolving Loan to finance water system improvements; due in annual installments of \$17,174 through May 2035; no stated interest rate.

240,435

Water District No. 5 - \$1,100,000 DENR Water Quality Revolving Loan to finance sanitary sewer improvements; due in annual installment of \$48,736 through May 2036; no stated interest rate.

731,031

Water District No 6 - \$144,432 DENR Drinking Water Revolving Loan to finance water system improvements; due in annual installments of \$7,197 through May 2031; no stated interest rate.

71,969

Total water districts notes payable

1,043,435

Serviced by the County's Solid Waste Fund:

principal payments of \$6,480; no interest; payable the 1st of each month through November 2022

32,560

Total business-type activities notes payable

1,075,995

Total notes payable

\$ 1,075,995

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

| Year Ending June 30 | Governmental Activities | | Business-Type Activities | |
|---------------------|-------------------------|----------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2022 | \$ - | \$ - | \$ 105,666 | \$ - |
| 2023 | - | - | 73,106 | - |
| 2024 | - | - | 73,106 | - |
| 2025 | - | - | 73,106 | - |
| 2026 | - | - | 73,106 | - |
| 2027-2031 | - | - | 365,531 | - |
| 2032-2036 | - | - | 312,374 | - |
| 2037-2041 | - | - | - | - |
| Total | \$ - | \$ - | \$ 1,075,995 | \$ - |

i. 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, 2021:

| | Beginning Balance July 1, 2020 | Increases | Decreases | Ending Balance June 30, 2021 | Current Portion of Balance |
|---|--------------------------------------|--------------|--------------|---------------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| General obligation | \$ 4,660,000 | \$ - | \$ 683,000 | \$ 3,977,000 | \$ 675,000 |
| Installment purchases, direct | 25,182,653 | 1,812,726 | 2,285,817 | 24,709,562 | 4,044,276 |
| Capital lease | - | 336,258 | 62,852 | 273,406 | 68,351 |
| Limited Obligation Debt | 3,525,200 | - | 340,200 | 3,185,000 | 555,000 |
| Premium on debt | 496,672 | - | 23,651 | 473,021 | - |
| Compensated | 1,523,516 | - | 17,612 | 1,505,904 | - |
| Net pension liability (LGRS) | 5,775,917 | 1,709,410 | - | 7,485,327 | - |
| Total pension liability (LEOSSA) | 1,729,518 | 626,309 | - | 2,355,827 | - |
| Total OPEB liability | 6,915,910 | 1,187,015 | - | 8,102,925 | - |
| Total governmental activities | \$ 49,809,386 | \$ 5,671,718 | \$ 3,413,132 | \$ 52,067,972 | \$ 5,342,627 |
| Business-type Activities: | | | | | |
| Water and Sewer Districts | | | | | |
| General Obligation | 3,348,000 | - | 58,000 | 3,290,000 | 60,000 |
| Notes payable, direct borrowings | 1,116,541 | - | 73,106 | 1,043,435 | 73,106 |
| Limited obligation debt | 8,890,000 | - | 390,000 | 8,500,000 | 400,000 |
| Revenue bonds | 1,684,000 | - | 33,000 | 1,651,000 | 34,000 |
| Premium on debt | 556,147 | - | 26,483 | 529,664 | 26,483 |
| Compensated absence | 43,664 | - | 13,410 | 30,254 | - |
| Net pension liability (LGRS) | 151,574 | 44,914 | - | 196,488 | - |
| Total OPEB liability | 176,652 | 30,320 | - | 206,972 | - |
| Total Water and Sewer Districts | 15,966,578 | 75,234 | 593,999 | 15,447,813 | 593,589 |
| Solid Waste Fund: | | | | | |
| Notes payable, direct borrowings | 110,320 | - | 77,760 | 32,560 | 32,560 |
| Accrued landfill closure and post-closure costs | 4,950,216 | 59,403 | - | 5,009,619 | - |
| Compensated absence | 21,410 | - | 4,991 | 16,419 | - |
| Net pension liability (LGRS) | 96,378 | 19,023 | - | 115,401 | - |
| Total OPEB liability | 251,961 | 43,245 | - | 295,206 | - |
| Total Solid Waste Fund | 5,430,285 | 121,671 | 82,751 | 5,469,205 | 32,560 |
| Total Business-type activities | \$ 21,396,863 | \$ 196,905 | \$ 676,750 | \$ 20,917,018 | \$ 626,149 |

Net pension liability for governmental activities are all typically liquidated in the General Fund. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming employees are taking leave time as it is earned. The unfunded Special Separation Allowance has been liquidated in the General Fund.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The following is a summary of changes in the Edgecombe County ABC Board's long-term obligations for the fiscal year ended June 30, 2021:

| | Beginning Balance | Additions | Payments / Reductions | Ending Balance | Current Portion |
|-------------------------------|----------------------|------------------|--------------------------|-------------------|-----------------|
| Net pension liability (LGERS) | \$ 107,598 | \$ 28,550 | \$ - | \$ 136,148 | \$ - |
| Compensated | 37,267 | - | 412 | 36,855 | - |
| Total governmental | <u>\$ 144,865</u> | <u>\$ 28,550</u> | <u>\$ 412</u> | <u>\$ 173,003</u> | <u>\$ -</u> |

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2021 consist of the following:

| | |
|--|---------------------|
| From the General Fund to the Department of Social Services to provide the County's match and supplemental funding for departmental activities mandated by federal and state regulations. | \$ 5,116,533 ** |
| From the General Fund to the Health Department Fund to provide the County's match and supplemental funding for departmental activities mandated by federal and state regulations. | 1,662,768 ** |
| From the General Fund to the Revaluation Fund to accumulate funds to pay for the next property revaluation. | 150,000 ** |
| From the Industrial Sites Development Fund to the General Fund to transfer unspent funds to close out the fund. | 8,379 |
| From the General Fund to the Solid Waste Fund to provide funds to cover anticipated costs of operations. | <u>491,360</u> |
| Total | <u>\$ 7,429,040</u> |

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

** These are all netted together in the General Fund presentation on Exhibits 4 and 5 in the statements, but the detail is shown on Exhibits B-2 and B-3.

Balances due to/from other funds as of June 30, 2021, consist of the following:

| | |
|---|---------------------|
| Due to the General Fund from the Economic Development Housing & Recovery Fund to cover negative cash. | \$ 773,208 |
| Due to the General Fund from the CDBG Grant Fund to cover negative cash. | 536,553 |
| Due to the General Fund from the Hazard Mitigation Grant Fund (Princeville) to cover negative cash. | 926,343 |
| Due to the General Fund from the Hazard Mitigation Grant Fund (County) to cover negative cash. | 112,083 |
| Total due to / from other funds | <u>\$ 2,348,187</u> |

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

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Administrative reimbursements represent payments to the General fund for services provided or expenses paid for the Department of Social Services. Administrative Reimbursements to/from other funds during the year ended June 30, 2021, consist of the following:

| Paid To | Paid From | Amount |
|--------------------|------------------------------------|------------|
| General Fund - DSS | Department of Social Services Fund | \$ 230,000 |

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The County pools monies from several funds to better facilitate cash receipts and disbursements. These balances are the residual amounts owed at June 30, 2021.

D. Fund Balance

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

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

| | |
|--|---------------|
| Total Fund Balance - General Fund | \$ 27,658,757 |
| Less: | |
| Nonspendable (prepaids) | - |
| Stabilization by State Statute | 8,125,853 |
| Tax revaluation and mapping | 1,060,068 |
| Education (Schools) | 231,896 |
| Appropriated fund balance in 2022 budget | 4,533,245 |
| Remaining Fund Balance | 13,707,695 |

Edgecombe County had adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the County in such a manner that unassigned fund balance is at least equal to or greater than 15% of General Fund expenditures, with a target of 20% of General Fund expenditures. The following calculation shows fund balance available after deducting the minimum fund balance requirement of 15% of General Fund expenditures:

| | |
|--|---------------------|
| Total Fund Balance - General Fund | \$ 27,658,757 |
| Less: | |
| Nonspendable (Prepaids) | - |
| Stabilization by State Statute | 8,125,853 |
| Tax Revaluation | 1,060,068 |
| Education (schools) | 231,896 |
| Appropriated fund balance (subsequent year's budget) | 4,533,245 |
| Working Capital / Fund Balance Policy (15% CY General Fund Expenditures) | 11,337,937 |
| Remaining Fund Balance | <u>\$ 2,369,758</u> |

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

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

| | |
|--------------|---------------------|
| | <u>General Fund</u> |
| Encumbrances | \$ - |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

E. Joint Ventures

The County, in conjunction with the Town of Tarboro, participates in the Tarboro-Edgecombe Airport Authority. Each participating government appoints three members to the six-member Board. The Airport is a joint venture established to facilitate economic expansion within the County and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the Town are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$5,875 for operations and \$8,334 for capital outlay to the Airport during the fiscal year ended June 30, 2021. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2021. Complete financial statements for the Airport can be obtained from the Airport's administrative offices at the Town of Tarboro, PO Box 220, Tarboro, North Carolina 27886.

The County, in conjunction with the City of Rocky Mount, City of Wilson, Wilson County, and Nash County, participates in a joint venture to operate the Rocky Mount/Wilson Airport Authority (Authority). Each participating government appoints members to the seven-member Board of Commissioners of the Authority. The County appoints one of the seven Board members. The Airport is a joint venture established to facilitate economic expansion within the Counties and improve the quality of life for its citizens. The Airport is not self-sustaining. The County has an ongoing financial responsibility for the Airport because it and the other governments are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The County contributed \$47,857 for operations and \$0 for capital outlay to the Airport during the fiscal year ended June 30, 2021.

The participants in the joint venture have an equity interest in the Authority's real property; therefore, an equity interest of \$3,822,557 has been reported in the governmental activities in the County's basic financial statements at June 30, 2021. The investment in the joint venture is based upon the audited financial statements of the Airport Authority as of June 30, 2021. Complete financial statements for the Authority can be obtained from the Authority's administrative offices at 7265 Air Terminal Drive, Elm City, North Carolina 27822-9477.

The County also participates in a joint venture to operate the Edgecombe Memorial Library and Braswell Memorial Library along with local municipalities. The County Board of Commissioners appoints three board members to the six-member Boards of the Libraries. The County has an ongoing financial responsibility for the joint venture because the Libraries' continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Libraries, so no equity interest has been reflected in the financial statements at June 30, 2021. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$376,600 to the Edgecombe Memorial Library and \$223,356 for operations to the Braswell Memorial Library to supplement its activities. Complete financial statements for the Libraries can be obtained from the Library's offices at 909 Main Street Tarboro, North Carolina 27886 and 727 N. Grace Street, Rocky Mount, North Carolina, respectively.

The County participates in a joint venture with the Town of Tarboro to operate the Edgecombe County Cultural Arts Council, Inc. The County appoints thirteen of the nineteen Board members to the Board of the Arts Council. Neither participating government has any equity interest in the Arts Council, so no equity interest has been reflected in the financial statements at June 30, 2021. The County appropriated \$5,000 to the Arts Council during the year ended June 30, 2021. Complete financial statements for the Arts Council can be obtained from the Arts Council office at 130 Bridgers Street, Tarboro, North Carolina 27886.

F. Joint Governed Organizations

The County, in conjunction with Nash County, the Town of Tarboro, the City of Rocky Mount and other local governments and non-profit organizations, established the Carolinas Gateway Partnership, Inc. to promote economic development in Nash and Edgecombe Counties. Nash County has since withdrawn from the partnership. The partnership's by-laws state that private sector funds are matched on an equal basis by public partners. For the fiscal year ended June 30, 2021, the County contributed \$260,000 to support the partnership.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

The County participates with the City of Rocky Mount and Nash County to operate the Down East Home Consortium (DEHC). The agreement commenced on June 30, 1996, and covered three consecutive fiscal years. After the initial period, the members of the DEHC chose to continue as a consortium and must notify HUD when it has dissolved. The participating governments mutually agree that Rocky Mount shall act as the lead entity. Each of the entities appoints one member of the three-member DEHC Home Coordinating committee. Each participating government shall receive a percentage of the home funds based on a proration of the population. Each participating government shall be responsible for providing matching funds required by federal regulations for any home funds allocated and accepted for use by that government. For the fiscal year ended June 30, 2021, the County made no contributions to DEHC.

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

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

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

G. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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 moneys.

Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

G. Special Item - Hurricane Matthew

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

For the fiscal year ended June 30, 2021, the County spent approximately \$544,267 for FEMA-funded Hazard Mitigation Grant Program projects, both acquisition and elevation. The County did not receive reimbursements for these projects in FY 21.

I. Tax Abatements

The County negotiates tax abatements agreements on an individual basis. The County has tax abatement agreements with four entities as of June 30, 2021:

- A property tax abatement of 50% of increased property tax collections received by the County from 2011 to 2021 from LS Cable (formerly Superior Essex). The agreement provided for the investment of at least \$58 million for the company's expansion, and the creation of at least 116 full-time jobs. A payment of \$148,822 was made in FY-21.
- A property tax abatement of 50% of increased property tax collections received by the County from 2020 to 2024 from Sara Lee Bakery for the expansion of its operations. The agreement provided for an investment in the County of \$19,800,000, the retention of 650 existing jobs, and the creation of 108 new jobs. No payments were made during the fiscal year ended June 30, 2021.
- An inducement agreement was executed with Triangle Tyre USA in March of 2018. Triangle agreed to invest \$74,149,299 in building and \$405,702,800 in equipment. Edgecombe County agreed to convey 400 acres of land at Kingsboro Industrial Park to Triangle, and to pay annual cash grants equivalent to taxes paid, starting at 90% and graduating down to 75%. In March 2022, leadership with Triangle Tyre informed the Edgecombe County Board of Commissioners that they were discontinuing the project. Subsequently, the inducement agreement was terminated by all parties, and the 400 acres of land was reconveyed to Edgecombe County. No construction had started and therefore no incentive payments had been made.
- A property tax abatement of 40% of increased ad-valorem taxes received by the County for years 2020 to 2029 from Corning Incorporated. Corning agrees to invest \$86,000,000 in the County and create 111 new jobs with 5 years. The County will donate 150 acres of land for this industrial site. If Corning Incorporated does not perform its obligation under the agreement, the company will reimburse the County \$15,000 per acre for the land donated by the County or give the land and any improvements back to the County. Investments were made and jobs created in FY-21, but Corning did not request the tax incentive payment in FY-21.

NOTE IV: Significant Effects of Subsequent Events

On December 18, 2021, a fire almost totally destroyed the QVC Distribution Center here in Edgecombe County. QVC was our largest employer with 2,000 employees at the time of the fire. The total tax value of the facility before the fire was \$124,591,160. Now the total value is \$22,641,506; a decline in value of \$101,949,654 or 82%. This will cut our tax revenue from QVC by just under \$1 million. We are fortunate that a strong economy marked by growth in new home construction has helped to backfill the QVC loss. Our total valuation in 2022 has increased by \$1.6 million.

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE V: Prior Period Adjustment

The County has recorded prior period adjustments to properly allocate LOBS for prior year refundings to include cash to account for prior year payments that should have been allocated differently, as well as year end loan balances. The net affects of these adjustments decreased fund balance in the general fund by \$373,157, and decreased fund balance in the water and sewer fund by \$540,500. A net adjustment of \$67,742 was made to the Governmental Activities in the Statement of Net Position to correct beginning balances of governmental fixed asset balances. The County reflected an increase in the governmental activities premium of \$368,689, offset by a decrease in the LOBS long-term liability balance of \$1,021,600. The net of these adjustments resulted in an increase in governmental activities net position of \$347,496.

NOTE VI: Special Item - Consolidation of Rescue Squads

Two rescue squads were consolidated with the County, which resulted in the County acquiring assets with a net book value of \$121,409. Additionally, the County assumed USDA loans totaling \$1,362,727. The net of these transactions resulted in a net decrease in the government-wide statements of \$1,241,318, which was reflected as a special item.

NOTE VII: Restatements

Change in Accounting Principle

The County implement Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balance and net position were restated as follows:

| | Governmental activities Net Position - Increase (Decrease) | General Fund Balance - Increase (Decrease) | Nonmajor Special Revenue Fund Balance - Increase (Decrease) | Fiduciary Net Position - Custodial Fund - Increase (Decrease) |
|---|--|---|--|---|
| Cash related to funds held on behalf of incarcerated inmates was reclassified from the Agency Fund into fiduciary net position in a newly created Jail Inmate Pay Custodial Fund. The beginning liability was restated as fund balance. | \$ - | \$ - | \$ - | \$ 58,172 |
| Cash, taxes receivables and liabilities related to ad valorem and vehicle property taxes collected by the County on behalf of various municipalities were reclassified out of the Agency Fund into a newly created Municipal Tax Custodial Fund. The portion of liabilities attributable taxes receivable at the beginning of the year were restated as custodial net position. | - | - | - | 166,882 |

EDGECOMBE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Change in Accounting Principle (continued)

Cash received under the Cooperative Extension / 4H program were reclassified out of the Agency Fund into a newly created Custodial Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

- - - 131,860

Cash received under the Social Security Administration's Representative Payee Program net of liabilities owed for payments on behalf of beneficiaries were reclassified out of the Agency Fund into a newly created Representative Payee Special Revenue Fund. The portion of liabilities in the Agency Fund representing net cash available at the beginning of the year were restated as fund balance.

| | | | | | | | |
|----|--------|----|---|----|--------|----|---------|
| | 53,809 | | - | | 53,809 | | - |
| \$ | 53,809 | \$ | - | \$ | 53,809 | \$ | 356,914 |

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

| | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|----------------|---------------|
| County's proportion of the net pension liability (asset) % | 0.21820% | 0.22058% | 0.23299% | 0.25243% |
| County's proportionate share of the net pension liability (asset) \$ | \$ 7,797,216 | \$ 6,023,868 | \$ 5,527,320 | \$ 3,856,431 |
| County's covered payroll | \$ 15,765,642 | \$ 15,679,786 | \$ 15,764,477 | \$ 15,473,849 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 49.46% | 38.42% | 35.06% | 24.92% |
| Plan fiduciary net position as a percentage of the total pension liability | 88.61% | 90.86% | 91.63% | 94.18% |
| | 2017 | 2016 | 2015 | 2014 |
| County's proportion of the net pension liability (asset) % | 0.25331% | 0.24084% | 0.25936% | 0.26860% |
| County's proportionate share of the net pension liability (asset) \$ | \$ 5,376,087 | \$ 1,080,875 | \$ (1,529,566) | \$ 3,237,661 |
| County's covered payroll | \$ 14,807,316 | \$ 16,495,575 | \$ 14,663,525 | \$ 15,151,913 |
| County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 36.31% | 6.55% | -10.43% | 21.37% |
| Plan fiduciary net position as a percentage of the total pension liability | 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.

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

| | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 1,817,132 | \$ 1,428,261 | \$ 1,210,708 | \$ 1,204,941 |
| Contributions in relation to the contractually required contribution | 1,817,132 | 1,428,261 | 1,210,708 | 1,204,941 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| County's covered payroll | \$ 17,207,216 | \$ 15,765,642 | \$ 15,679,786 | \$ 15,764,477 |
| Contributions as a percentage of covered payroll | 10.560% | 9.059% | 7.721% | 7.643% |
| | 2017 | 2016 | 2015 | 2014 |
| Contractually required contribution | \$ 1,160,401 | \$ 1,042,467 | \$ 1,043,277 | \$ 1,075,651 |
| Contributions in relation to the contractually required contribution | 1,160,401 | 1,042,467 | 1,043,277 | 1,075,651 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| County's covered payroll | \$ 15,473,849 | \$ 14,807,316 | \$ 16,495,575 | \$ 14,663,525 |
| Contributions as a percentage of covered payroll | 7.499% | 7.040% | 6.325% | 7.336% |

Edgecombe County, North Carolina
Register of Deeds' Supplemental Pension Fund
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Last Eight Fiscal Years *

| | 2021 | 2020 | 2019 | 2018 |
|--|-------------|-------------|-------------|-------------|
| County's proportion of the net pension liability (asset) % | 0.30624% | 0.32490% | 0.36396% | 0.31862% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (70,184) | \$ (64,142) | \$ (60,281) | \$ (54,385) |
| Plan fiduciary net position as a percentage of the total pension liability | 173.62% | 164.11% | 153.31% | 153.77% |
| | 2017 | 2016 | 2015 | 2014 |
| County's proportion of the net pension liability (asset) % | 0.34244% | 0.35536% | 0.34833% | 0.33421% |
| County's proportionate share of the net pension liability (asset) \$ | \$ (64,023) | \$ (82,351) | \$ (78,961) | \$ (71,387) |
| Plan fiduciary net position as a percentage of the total pension liability | 160.17% | 197.29% | 193.88% | 190.50% |

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

Edgecombe County, North Carolina
Register of Deeds' Supplemental Pension Fund
Required Supplementary Information
Schedule of County Contributions
Last Eight Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|--|----------|----------|----------|----------|
| Contractually required contribution | \$ 3,424 | \$ 2,678 | \$ 3,644 | \$ 3,115 |
| Contributions in relation to the contractually required contribution | \$ 3,424 | \$ 2,678 | \$ 3,644 | \$ 3,115 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |

| | 2017 | 2016 | 2015 | 2014 |
|--|----------|----------|----------|----------|
| Contractually required contribution | \$ 3,304 | \$ 2,798 | \$ 2,844 | \$ 2,844 |
| Contributions in relation to the contractually required contribution | \$ 3,304 | \$ 2,798 | \$ 2,844 | \$ 2,844 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |

Edgecombe County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning balance | \$ 1,729,518 | \$ 1,627,102 | \$ 1,725,677 | \$ 1,638,464 | \$ 1,655,263 |
| Service Cost | 74,654 | 69,576 | 76,318 | 67,213 | 67,329 |
| Interest on the total pension liability | 54,531 | 57,153 | 52,767 | 60,987 | 57,234 |
| Change of benefit terms | - | - | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 67,366 | 39,239 | (52,745) | (28,801) | - |
| Changes of assumption or other inputs | 543,328 | 50,398 | (63,239) | 104,813 | (37,199) |
| Benefit payments | (113,570) | (113,950) | (111,676) | (116,999) | (104,163) |
| Other changes | - | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 2,355,827</u> | <u>\$ 1,729,518</u> | <u>\$ 1,627,102</u> | <u>\$ 1,725,677</u> | <u>\$ 1,638,464</u> |

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

Edgecombe County, North Carolina
 Schedule of Total Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 Last Five Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------|--------------|--------------|--------------|--------------|
| Total pension liability | \$2,355,827 | \$ 1,729,518 | \$ 1,627,102 | \$ 1,725,677 | \$ 1,638,464 |
| County's covered payroll | \$2,355,193 | \$ 2,355,431 | \$ 2,305,871 | \$ 2,393,115 | \$ 2,374,261 |
| Total pension liability as a percentage of covered payroll | 100.03% | 73.43% | 70.56% | 72.11% | 69.01% |

Notes to the Schedules:

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

Edgecombe County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Four Fiscal Years

| | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 259,620 | \$ 325,018 | \$ 337,858 | \$ 368,506 |
| Interest | 263,642 | 318,379 | 297,467 | 260,129 |
| Changes of benefit terms | - | - | - | - |
| Differences between expected and actual experience | (311,946) | (1,437,960) | (99,801) | 123,159 |
| Changes of assumptions | 1,193,508 | 150,483 | (263,221) | (450,724) |
| Benefit payments | (144,244) | (388,190) | (498,222) | (676,038) |
| Net change in total OPEB liability | 1,260,580 | (1,032,270) | (225,919) | (374,968) |
| Total OPEB liability - beginning | 7,344,523 | 8,376,793 | 8,602,712 | 8,977,680 |
| Total OPEB liability - ending | <u>\$ 8,605,103</u> | <u>\$ 7,344,523</u> | <u>\$ 8,376,793</u> | <u>\$ 8,602,712</u> |
| Covered employee payroll | \$ 12,627,699 | \$ 12,627,699 | \$ 14,557,442 | \$14,557,442 |
| County's total OPEB liability as a percentage of covered payroll | 68.14% | 58.16% | 57.54% | 59.09% |

Notes to the Schedules:

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

| Fiscal Year | Rate |
|-------------|-------|
| 2021 | 2.21% |
| 2020 | 3.50% |
| 2019 | 3.89% |
| 2018 | 3.56% |

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

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

Edgecombe County, North Carolina

General Fund

Combining Balance Sheet

June 30, 2021

| | General Fund | Health Department | Department of Social Services | Debt Service Fund | Employee Health Insurance | Revaluation Fund | Total |
|--|---------------|----------------------|-------------------------------------|-------------------------|---------------------------------|---------------------|---------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 13,408,732 | \$ 678,225 | \$ 6,281,212 | \$ - | \$ 7,882 | \$ - | \$ 20,376,051 |
| Restricted cash and cash equivalents | 213,386 | - | - | 231,896 | - | 1,060,068 | 1,505,350 |
| Taxes receivable, net | 3,472,843 | - | - | - | - | - | 3,472,843 |
| Receivables, net | 86,843 | - | - | - | - | - | 86,843 |
| Due from other funds | 2,348,187 | - | - | - | - | - | 2,348,187 |
| Due from other governments | 3,239,523 | 860,498 | 1,166,938 | 161,829 | - | - | 5,428,788 |
| Due from component unit | 344,493 | - | - | - | - | - | 344,493 |
| Total assets | \$ 23,114,007 | \$ 1,538,723 | \$ 7,448,150 | \$ 393,725 | \$ 7,882 | \$ 1,060,068 | \$ 33,562,555 |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,034,399 | \$ 178,712 | \$ 402,512 | \$ - | \$ 320,622 | \$ - | \$ 1,936,245 |
| Due to other funds | - | - | - | - | - | - | - |
| Due to other governments | 170,223 | - | - | - | - | - | 170,223 |
| Unspent COVID Funding | 110,338 | - | - | - | - | - | 110,338 |
| Due to component unit | 6,906 | - | - | - | - | - | 6,906 |
| Total liabilities | 1,321,866 | 178,712 | 402,512 | - | 320,622 | - | 2,223,712 |
| Deferred Inflows of Resources | 3,680,086 | - | - | - | - | - | 3,680,086 |
| Fund Balances | | | | | | | |
| Restricted | | | | | | | |
| Restricted by state statute | 5,936,588 | 860,498 | 1,166,938 | 161,829 | - | - | 8,125,853 |
| Restricted for schools | - | - | - | 231,896 | - | - | 231,896 |
| Committed | | | | | | | |
| Committed for tax revaluation and mapping | - | - | - | - | - | 1,060,068 | 1,060,068 |
| Assigned for subsequent year's expenditures | 4,533,245 | - | - | - | - | - | 4,533,245 |
| Unassigned | 7,642,222 | 499,513 | 5,878,700 | - | (312,740) | - | 13,707,695 |
| Total fund balances | 18,112,055 | 1,360,011 | 7,045,638 | 393,725 | (312,740) | 1,060,068 | 27,658,757 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 23,114,007 | \$ 1,538,723 | \$ 7,448,150 | \$ 393,725 | \$ 7,882 | \$ 1,060,068 | \$ 33,562,555 |

Edgecombe County, North Carolina

General Fund

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

| | General Fund | Health Department | Department of Social Services | Debt Service Fund | Employee Health Insurance Fund | Revaluation Fund | Total |
|---|--------------------|----------------------|-------------------------------------|-------------------------|---|---------------------|-------------------|
| Revenues | | | | | | | |
| Ad valorem taxes | \$ 34,225,039 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 34,225,039 |
| Local option sales taxes | 8,358,257 | - | - | 913,477 | - | - | 9,271,734 |
| Other taxes and licenses | 136,304 | - | - | - | - | - | 136,304 |
| Unrestricted intergovernmental | 863,987 | - | - | - | - | - | 863,987 |
| Restricted intergovernmental | 3,543,835 | 4,478,508 | 8,388,929 | - | - | - | 16,411,272 |
| Permits and fees | 1,051,845 | 57,158 | - | - | - | - | 1,109,003 |
| Sales and services | 3,470,575 | 284,452 | 17,071 | - | - | - | 3,772,098 |
| Investment earnings | 3,685 | 120 | - | 75 | - | - | 3,880 |
| Miscellaneous | 548,019 | 64,394 | 18 | - | - | - | 612,431 |
| Total revenues | 52,201,546 | 4,884,632 | 8,406,018 | 913,552 | - | - | 66,405,748 |
| Expenditures | | | | | | | |
| General government | 7,606,117 | - | - | - | (255,682) | - | 7,350,435 |
| Public safety | 17,200,048 | - | - | - | - | - | 17,200,048 |
| Transportation | 62,066 | - | - | - | - | - | 62,066 |
| Economic and physical development | 1,275,696 | - | - | - | - | - | 1,275,696 |
| Human services | 449,370 | 5,041,599 | 11,892,583 | - | - | - | 17,383,552 |
| Cultural and recreational | 642,107 | - | - | - | - | - | 642,107 |
| Environmental protection | 52,851 | - | - | - | - | - | 52,851 |
| Education | 13,699,989 | - | - | - | - | - | 13,699,989 |
| Debt Service | | | | | | | |
| Principal retirement | 2,688,868 | - | - | 683,000 | - | - | 3,371,868 |
| Interest and fees | 854,436 | - | - | 121,116 | - | - | 975,552 |
| Total expenditures | 44,531,548 | 5,041,599 | 11,892,583 | 804,116 | (255,682) | - | 62,014,164 |
| Excess (deficiency) of revenues over expenditures | 7,669,998 | (156,967) | (3,486,565) | 109,436 | 255,682 | - | 4,391,584 |
| Other financing sources (uses) | | | | | | | |
| Transfers from other funds | 8,379 | 1,662,768 | 5,116,533 | - | - | 150,000 | 6,937,680 |
| Transfers to other funds | (7,420,661) | - | - | - | - | - | (7,420,661) |
| Proceeds of long-term debt | 450,000 | - | - | - | - | - | 450,000 |
| Capital lease obligations issued | 336,258 | - | - | - | - | - | 336,258 |
| Proceeds from sale of capital assets | 57,000 | - | - | - | - | - | 57,000 |
| Total other financing sources (uses) | (6,569,024) | 1,662,768 | 5,116,533 | - | - | 150,000 | 360,277 |

Edgecombe County, North Carolina
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021

| | General Fund | Health Department | Department of Social Services | Debt Service Fund | Employee Health Insurance Fund | Revaluation Fund | Total |
|---|---------------|----------------------|-------------------------------------|-------------------------|---|---------------------|---------------|
| Net change in fund balance | 1,100,974 | 1,505,801 | 1,629,968 | 109,436 | 255,682 | 150,000 | 4,751,861 |
| Fund balances, beginning of year, as previously reported | 17,384,238 | (145,790) | 5,415,670 | 284,289 | (568,422) | 910,068 | 23,280,053 |
| Prior period adjustment (see Note V) | (373,157) | - | - | - | - | - | (373,157) |
| Fund balance, beginning of year, as adjusted | 17,011,081 | (145,790) | 5,415,670 | 284,289 | (568,422) | 910,068 | 22,906,896 |
| Fund balances, end of year | \$ 18,112,055 | \$ 1,360,011 | \$ 7,045,638 | \$ 393,725 | \$ (312,740) | \$ 1,060,068 | \$ 27,658,757 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------|---------------|------------------------------------|
| Revenues | | | |
| Ad Valorem Taxes: | | | |
| Taxes | \$ 30,425,000 | \$ 33,537,690 | \$ 3,112,690 |
| Penalties and interest | 370,000 | 684,690 | 314,690 |
| Total | 30,795,000 | 34,222,380 | 3,427,380 |
| Local Option Sales Taxes: | | | |
| Article 39 | 1,200,000 | 2,624,860 | 1,424,860 |
| Article 40 one-half of one percent | 2,455,000 | 3,044,922 | 589,922 |
| Article 42 one-half of one percent | 500,000 | 863,696 | 363,696 |
| Article 44 | 950,000 | 1,235,789 | 285,789 |
| Article 46 one-quarter of one percent | 800,000 | 1,502,467 | 702,467 |
| Total | 5,905,000 | 9,271,734 | 3,366,734 |
| Other Taxes and Licenses: | | | |
| Animal tax | 10,000 | 7,593 | (2,407) |
| Video programing distribution | 45,000 | 40,136 | (4,864) |
| Privilege licenses | 1,000 | 2,385 | 1,385 |
| Gross receipts tax | 6,000 | 8,945 | 2,945 |
| Occupancy tax | 85,000 | 67,794 | (17,206) |
| Total | 147,000 | 126,853 | (20,147) |
| Unrestricted Intergovernmental: | | | |
| NC Department of Motor Vehicles | 105,000 | 158,098 | 53,098 |
| ABC profit distribution | 100,000 | 615,864 | 515,864 |
| Beer and wine tax | 90,000 | 90,025 | 25 |
| Total | 295,000 | 863,987 | 568,987 |
| Restricted Intergovernmental: | | | |
| Federal and State grants | 17,025,892 | 4,712,793 | (12,313,099) |
| FEMA reimbursement | 573,062 | 63,767 | (509,295) |
| Medicaid | 40,000 | - | (40,000) |
| Health Department | 5,331,382 | 4,469,389 | (861,993) |
| Department of Social Services | 9,877,820 | 8,388,929 | (1,488,891) |
| Total | 32,848,156 | 17,634,878 | (15,213,278) |
| Permits and Fees: | | | |
| Building and zoning permits | 78,500 | 139,135 | 60,635 |
| Election fees | 11,000 | - | (11,000) |
| Animal control fees | 2,500 | 3,867 | 1,367 |
| Health department fees | 56,940 | 57,158 | 218 |
| Legal fee reimbursement | 18,000 | 27,400 | 9,400 |
| Sheriff, jail, and other law enforcement fees | 209,500 | 273,156 | 63,656 |
| Register of deeds fees | 423,000 | 608,287 | 185,287 |
| Total | 799,440 | 1,109,003 | 309,563 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|-------------------|-------------------|------------------------------------|
| Sales and Services: | | | |
| Health department fees | 487,289 | 293,570 | (193,719) |
| Social services fees | 10,100 | 17,089 | 6,989 |
| EMS / Rescue Collections | - | 915,550 | 915,550 |
| Notary fees | 35,000 | 37,364 | 2,364 |
| Inmate housing fees | 850,000 | 945,139 | 95,139 |
| Jail canteen and concession sales | 55,000 | 88,534 | 33,534 |
| Rental income | 61,065 | 71,429 | 10,364 |
| School resource officer income | - | 117,578 | 117,578 |
| Other fees and services | 6,000 | 62,256 | 56,256 |
| Total | 1,504,454 | 2,548,509 | 1,044,055 |
| Investment Earnings | 30,000 | 3,877 | (26,123) |
| Miscellaneous: | | | |
| Donations | 82,717 | 121,304 | 38,587 |
| Miscellaneous revenues | 96,000 | 430,798 | 334,798 |
| Insurance claims | 15,507 | 52,199 | 36,692 |
| Total | 194,224 | 604,301 | 410,077 |
| Total revenues | 72,518,274 | 66,385,522 | (6,132,752) |
| Expenditures | | | |
| General Government: | | | |
| Governing Body: | | | |
| Salaries and employee benefits | | 121,822 | |
| Other operating expenditures | | 148,166 | |
| Total | 272,625 | 269,988 | 2,637 |
| County Administration: | | | |
| Salaries and employee benefits | | 501,059 | |
| Other operating expenditures | | 94,403 | |
| Total | 641,763 | 595,462 | 46,301 |
| Finance: | | | |
| Salaries and employee benefits | | 494,890 | |
| Other operating expenditures | | 363,852 | |
| Capital outlay | | - | |
| Total | 1,004,981 | 858,742 | 146,239 |
| Tax Assessor: | | | |
| Salaries and employee benefits | | 346,711 | |
| Other operating expenditures | | 140,517 | |
| Capital outlay | | - | |
| Total | 531,992 | 487,228 | 44,764 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|-----------|------------------------------------|
| Tax Collector: | | | |
| Salaries and employee benefits | | 232,429 | |
| Other operating expenditures | | 248,912 | |
| Total | 531,071 | 481,341 | 49,730 |
| Department of Motor Vehicles: | | | |
| Salaries and employee benefits | | 151,916 | |
| Other operating expenditures | | 3,120 | |
| Total | 167,341 | 155,036 | 12,305 |
| Legal: | | | |
| Purchases | 10,000 | 5,000 | 5,000 |
| Elections: | | | |
| Salaries and employee benefits | | 206,501 | |
| Other operating expenditures | | 96,614 | |
| Capital outlay | | - | |
| Total | 347,429 | 303,115 | 44,314 |
| Register of Deeds: | | | |
| Salaries and employee benefits | | 255,749 | |
| Other operating expenditures | | 290,483 | |
| Total | 585,428 | 546,232 | 39,196 |
| Central Services: | | | |
| Retiree Insurance and employee benefits | | 23,360 | |
| Other operating expenditures | | 169,979 | |
| Health insurance claims | | (255,682) | |
| Total | 432,369 | (62,343) | 494,712 |
| Data Processing: | | | |
| Salaries and employee benefits | | 356,029 | |
| Other operating expenditures | | 188,597 | |
| Capital outlay | | - | |
| Total | 523,545 | 544,626 | (21,081) |
| Personnel: | | | |
| Salaries and employee benefits | | 215,897 | |
| Other operating expenditures | | 12,371 | |
| Total | 242,671 | 228,268 | 14,403 |
| Court Facilities: | | | |
| Juvenile detention | | 106,506 | |
| Other operating expenditures | | 16,800 | |
| Capital outlay | | 620,610 | |
| Total | 758,328 | 743,916 | 14,412 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|------------------|------------------|------------------------------------|
| Public Buildings: | | | |
| Salaries and employee benefits | | 447,639 | |
| Other operating expenditures | | 1,038,593 | |
| Capital outlay | | 512,507 | |
| Total | 2,144,630 | 1,998,739 | 145,891 |
| NCCF Covid 19: | | | |
| Salaries and employee benefits | | 13,250 | |
| Other operating expenditures | | 16,000 | |
| Total | 29,250 | 29,250 | - |
| CTCL Grant: | | | |
| Salaries and employee benefits | | 2,399 | |
| Other operating expenditures | | 17,825 | |
| Total | 57,239 | 20,224 | 37,015 |
| BOE CARES Act: | | | |
| Other operating expenditures | | 74,909 | |
| Total | 93,909 | 74,909 | 19,000 |
| BOE HAVA CARES: | | | |
| Other operating expenditures | | 1,417 | |
| Total | 10,000 | 1,417 | 8,583 |
| BOE HAVA Grant: | | | |
| Other operating expenditures | | 69,286 | |
| Total | - | 69,286 | (69,286) |
| Total general government | 8,384,571 | 7,350,436 | 1,034,135 |
| Public Safety: | | | |
| Sheriff: | | | |
| Salaries and employee benefits | | 4,467,560 | |
| Other operating expenditures | | 1,005,038 | |
| Drug enforcement | | 19,217 | |
| Capital outlay | | 455,634 | |
| Total | 6,422,188 | 5,947,449 | 474,739 |
| Communications: | | | |
| Salaries and employee benefits | | 691,072 | |
| Other operating expenditures | | 169,911 | |
| Capital outlay | | - | |
| Total | 915,164 | 860,983 | 54,181 |
| Enhanced E911 | | | |
| Other operating expenditures | 1,500 | 452 | 1,048 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|-----------|------------------------------------|
| Jail: | | | |
| Salaries and employee benefits | | 2,579,416 | |
| Other operating expenditures | | 963,975 | |
| Capital outlay | | 41,359 | |
| Total | 3,781,848 | 3,584,750 | 197,098 |
| Emergency Management: | | | |
| Salaries and employee benefits | | 246,665 | |
| Other operating expenditures | | 124,467 | |
| Capital outlay | | 486,792 | |
| Total | 864,588 | 857,924 | 6,664 |
| Coronavirus Relief Fund | | | |
| Salaries and employee benefits | | 658,060 | |
| Other operating expenditures | | 934,045 | |
| Total | 1,921,903 | 1,592,105 | 329,798 |
| Fire Protection: | | | |
| Forest fire contracts | | 100,680 | |
| Workers' compensation - Volunteer Fire Department | | 15,955 | |
| Total | 142,617 | 116,635 | 25,982 |
| Building Inspections: | | | |
| Salaries and employee benefits | | 149,224 | |
| Other operating expenditures | | 20,618 | |
| Total | 189,397 | 169,842 | 19,555 |
| Medical Examiner: | | | |
| Contracted services | 82,500 | 66,650 | 15,850 |
| Rescue Units - Emergency Medical Services: | | | |
| Medicaid revenues - Ambulance | 248,291 | 248,291 | - |
| Edgecombe County Rescue Squad - Operations | 1,070,000 | 1,070,000 | - |
| Total | 1,318,291 | 1,318,291 | - |
| Rescue Squad: | | | |
| Edgecombe County Rescue Squad - Salaries and employee benefits | | 1,598,384 | |
| Edgecombe County Rescue Squad - Operations | | 289,931 | |
| Edgecombe County Rescue Squad - Capital | | 472,169 | |
| Total | 2,971,523 | 2,360,484 | 611,039 |
| Animal Control: | | | |
| Salaries and employee benefits | | 162,056 | |
| Other operating expenditures | | 12,147 | |
| Total | 189,462 | 174,203 | 15,259 |
| Hurricane Isaias: | | | |
| Other operating expenditures | | 33 | |
| Total | 1,034 | 33 | 1,001 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|------------------------------------|
| EMPG-S: | | | |
| Salaries and employee benefits | | 3,489 | |
| Other operating expenditures | | 9,207 | |
| Total | 12,696 | 12,696 | - |
| 2020 - ECSO - PPE: | | | |
| Other operating expenditures | 23,999 | 23,231 | 768 |
| Total public safety | 18,838,710 | 17,085,728 | 1,752,982 |
| Transportation: | | | |
| Tarboro Edgecombe Airport | 14,209 | 14,209 | - |
| Rocky Mount Wilson Airport | 47,857 | 47,857 | - |
| Total transportation | 62,066 | 62,066 | - |
| Economic and Physical Development: | | | |
| Planning: | | | |
| Salaries and employee benefits | | 136,915 | |
| Other operating expenditures | | 40,638 | |
| Total | 277,935 | 177,553 | 100,382 |
| Economic Development : | | | |
| Industrial incentives | 287,000 | 254,197 | 32,803 |
| Carolina Gateway Partnership | 260,000 | 260,000 | - |
| Tourism Development Authority | 106,500 | 87,111 | 19,389 |
| Rocky Mount Edgecombe Community Development (| 22,500 | 22,500 | - |
| Kingsboro Training Center | 9,130,050 | - | 9,130,050 |
| One NC Fund Grant | 200,000 | - | 200,000 |
| Total | 10,006,050 | 623,808 | 9,382,242 |
| N.C. Cooperative Extension Service: | | | |
| Contracted services | | 272,379 | |
| Other operating expenditures | | 46,409 | |
| Capital outlay | | - | |
| Total | 430,667 | 318,788 | 111,879 |
| East Carolina Meat Animal Sale: | | | |
| Sponsorship | 500 | 500 | - |
| Soil and Water Conservation: | | | |
| Salaries and employee benefits | | 74,065 | |
| Other operating expenditures | | 78,121 | |
| Total | 233,249 | 152,186 | 81,063 |
| Princeville Grant Project | | | |
| Other operating expenditures | | 2,861 | |
| Total | 2,945,949 | 2,861 | 2,943,088 |
| Total economic and physical development | 13,894,350 | 1,275,696 | 12,618,654 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|----------|------------------------------------|
| Human Services: | | | |
| General Fund Human Services: | | | |
| Mental Health: | | | |
| Mental Health contribution | | - | |
| ABC bottle tax | | - | |
| Total | 19,000 | - | 19,000 |
| Aging: | | | |
| Salaries and employee benefits | | 58,660 | |
| Other operating expenditures | | 3,316 | |
| Total | 77,349 | 61,976 | 15,373 |
| Veteran's Service Officer: | | | |
| Salaries and employee benefits | | 58,113 | |
| Other operating expenditures | | 2,363 | |
| Total | 66,661 | 60,476 | 6,185 |
| Juvenile Crime Prevention Council - Youth Services: | | | |
| Salaries and employee benefits | | 13,353 | |
| Other operating expenditures | | 265,674 | |
| Total | 280,634 | 279,027 | 1,607 |
| Other Human Services: | | | |
| Miscellaneous Human Services | | 47,890 | |
| Total | 53,339 | 47,890 | 5,449 |
| Total General Fund Human Services | 496,983 | 449,369 | 47,614 |
| Health Department: | | | |
| Health: | | | |
| Salaries and employee benefits | | 106,404 | |
| Other operating expenditures | | 45,046 | |
| Total | 166,792 | 151,450 | 15,342 |
| Covid 19 | | | |
| Salaries and employee benefits | - | (11,272) | 11,272 |
| Other operating expenditures | 11,000 | 10,726 | 274 |
| Total | 11,000 | (546) | 11,546 |
| School Nurse Initiative Program: | | | |
| Salaries and employee benefits | | 181,431 | |
| Other operating expenditures | | - | |
| Total | 320,888 | 181,431 | 139,457 |
| Nash UNC Foundation Grant | | | |
| Salaries and employee benefits | | 5,207 | |
| Other operating expenditures | | 576 | |
| Total | 66,568 | 5,783 | 60,785 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|---------|------------------------------------|
| Special Programs: | | | |
| Salaries and employee benefits | | 291,257 | |
| Other operating expenditures | | 49,087 | |
| Total | 716,128 | 340,344 | 375,784 |
| Tuberculosis: | | | |
| Salaries and employee benefits | | 15,012 | |
| Other operating expenditures | | 8,818 | |
| Total | 82,139 | 23,830 | 58,309 |
| Communicable Disease: | | | |
| Salaries and employee benefits | | 554,347 | |
| Other operating expenditures | | 108,429 | |
| Total | 533,105 | 662,776 | (129,671) |
| AIDS: | | | |
| Salaries and employee benefits | | 5,198 | |
| Total | 15,062 | 5,198 | 9,864 |
| Primary Care: | | | |
| Salaries and employee benefits | | 18,593 | |
| Other operating expenditures | | 5,491 | |
| Total | 56,054 | 24,084 | 31,970 |
| School Health: | | | |
| Salaries and employee benefits | | 64,295 | |
| Other operating expenditures | | 4,606 | |
| Total | 205,847 | 68,901 | 136,946 |
| Adult Health: | | | |
| Salaries and employee benefits | | 109,295 | |
| Other operating expenditures | | 77,437 | |
| Capital outlay | | - | |
| Total | 329,323 | 186,732 | 142,591 |
| Comprehensive Breast and Cervical Cancer Prevention: | | | |
| Salaries and employee benefits | | 28,384 | |
| Other operating expenditures | | 4,092 | |
| Total | 52,084 | 32,476 | 19,608 |
| Healthy Start Initiative: | | | |
| Salaries and employee benefits | | 70,371 | |
| Other operating expenditures | | 10,717 | |
| Total | 105,011 | 81,088 | 23,923 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|--------------|---------|------------------------------------|
| Health Works: | | | |
| Salaries and employee benefits | | 54,602 | |
| Other operating expenditures | | 15,639 | |
| Total | 83,278 | 70,241 | 13,037 |
| Maternal Care Coordination: | | | |
| Salaries and employee benefits | | 190,844 | |
| Other operating expenditures | | 11,837 | |
| Total | 281,578 | 202,681 | 78,897 |
| Maternal: | | | |
| Salaries and employee benefits | | 158,052 | |
| Other operating expenditures | | 29,315 | |
| Capital outlay | | - | |
| Total | 263,718 | 187,367 | 76,351 |
| Family Planning: | | | |
| Salaries and employee benefits | | 299,508 | |
| Other operating expenditures | | 70,137 | |
| Capital outlay | | - | |
| Total | 558,903 | 369,645 | 189,258 |
| Child Health: | | | |
| Salaries and employee benefits | | 109,261 | |
| Other operating expenditures | | 36,249 | |
| Capital outlay | | - | |
| Total | 304,155 | 145,510 | 158,645 |
| Immunization Action Plan: | | | |
| Salaries and employee benefits | | 56,161 | |
| Other operating expenditures | | 6,820 | |
| Total | 137,601 | 62,981 | 74,620 |
| Women Infants and Children: | | | |
| Salaries and employee benefits | | 258,451 | |
| Other operating expenditures | | 70,064 | |
| Total | 378,913 | 328,515 | 50,398 |
| Child Service Coordination: | | | |
| Salaries and employee benefits | | 192,604 | |
| Other operating expenditures | | 7,526 | |
| Total | 300,154 | 200,130 | 100,024 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|--------------|---------|------------------------------------|
| Dental: | | | |
| Salaries and employee benefits | 602,151 | 618,778 | 34,409 |
| Other operating expenditures | 61,943 | 54,816 | (46,940) |
| NCOHC Teledentristy Grant | 362 | - | 362 |
| Total | 664,456 | 673,594 | (9,138) |
| University Health System Grant: | | | |
| Other operating expenditures | | - | |
| Total | 26,197 | - | 26,197 |
| Environmental Health: | | | |
| Salaries and employee benefits | | 253,277 | |
| Other operating expenditures | | 37,451 | |
| Total | 512,342 | 290,728 | 221,614 |
| Family Planning TANF | | | |
| Salaries and employee benefits | | 5,347 | |
| Other operating expenditures | | 15,480 | |
| Total | 21,188 | 20,827 | 361 |
| Farm Bureau - Healthy Living | | | |
| Other operating expenditures | | - | |
| Total | 330 | - | 330 |
| HIV / STD Prevention Risk Reduction: | | | |
| Salaries and employee benefits | | 57,508 | |
| Other operating expenditures | | 38,046 | |
| Total | 105,000 | 95,554 | 9,446 |
| BT Preparedness: | | | |
| Salaries and employee benefits | | 21,736 | |
| Other operating expenditures | | 6,089 | |
| Total | 34,291 | 27,825 | 6,466 |
| Other Grants: | | | |
| Other operating expenditures | | 599 | |
| Total | 4,622 | 599 | 4,023 |
| 866 Health Communities | | | |
| Salaries and employee benefits | | 22,327 | |
| Other operating expenditures | | 4,794 | |
| Total | 34,353 | 27,121 | 7,232 |
| Project Reach | | | |
| Salaries and employee benefits | | 14,615 | |
| Other operating expenditures | | 9,010 | |
| Total | 223,910 | 23,625 | 200,285 |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|-----------|------------------------------------|
| 539 Covid CARES | | | |
| Salaries and employee benefits | | 29,309 | |
| Other operating expenditures | | - | |
| Total | 29,311 | 29,309 | 2 |
| AHEC/Covid Funds | | | |
| Other operating expenditures | | 3,500 | |
| | | - | |
| Total | 3,500 | 3,500 | - |
| 543AA Election Covid | | | |
| Salaries and employee benefits | | 174,882 | |
| Other operating expenditures | | 2,473 | |
| Total | 653,811 | 177,355 | 476,456 |
| 115aa Covid Prevention Supplies | | | |
| Salaries and employee benefits | | 84,078 | |
| Other operating expenditures | | 2,000 | |
| Total | 86,078 | 86,078 | - |
| 716AA CDC Covid Vaccination Program | | | |
| Salaries and employee benefits | | 202,807 | |
| Other operating expenditures | | | |
| Total | 202,807 | 202,807 | - |
| 871 State Infection Control | | | |
| Salaries and employee benefits | | | |
| Other operating expenditures | | - | |
| Total | 3,500 | - | 3,500 |
| UHHS Covid Relief Funds | | | |
| Salaries and employee benefits | | | |
| Other operating expenditures | | 53,104 | |
| Total | 80,000 | 53,104 | 26,896 |
| Total Health Department | 7,653,997 | 5,041,599 | 2,612,398 |
| Department of Social Services: | | | |
| Social Services Administration: | | | |
| Salaries and employee benefits | | 8,140,377 | |
| Other operating expenditures | | 854,469 | |
| Lease payments | | 8,193 | |
| Total | 10,789,584 | 9,003,039 | 1,786,545 |
| Social Services Block Grant: | | | |
| NC Department of Transportation ROAP Grant | | 12,186 | |
| Other operating expenditures | | 307,468 | |
| Total | 576,574 | 319,654 | 256,920 |
| Home Community Care Block Grant: | | | |
| Operating expenditures | | 467,816 | |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------|-------------------|------------------------------------|
| Total | 648,378 | 467,816 | 180,562 |
| Work First/TANF: | | | |
| Operating expenditures | | 16,207 | |
| Total | 78,700 | 16,207 | 62,493 |
| Public Assistance Programs | | | |
| Assistance payments | | 2,038,596 | |
| Total | 2,924,849 | 2,038,596 | 886,253 |
| Covid APS/CPS | | | |
| Capital outlay | | 47,271 | |
| Total | 47,271 | 47,271 | - |
| Total Department of Social Services | 15,065,356 | 11,892,583 | 3,172,773 |
| Total human services | 23,216,336 | 17,383,551 | 5,832,785 |
| Cultural and Recreational: | | | |
| Libraries: | | | |
| Edgecombe Memorial Library contribution | 376,600 | 376,600 | - |
| Braswell Memorial Library contribution | 223,356 | 223,356 | - |
| Total | 599,956 | 599,956 | - |
| Edgecombe County Cultural Arts Council | 25,000 | 5,000 | 20,000 |
| Recreation: | | | |
| Salaries and employee benefits | 22,172 | 17,151 | 5,021 |
| Other operating expenditures | 3,194 | - | 3,194 |
| Recreation grants | 20,000 | 20,000 | - |
| Total | 45,366 | 37,151 | 8,215 |
| Special Olympics | 5,000 | - | 5,000 |
| Total cultural and recreational | 675,322 | 642,107 | 33,215 |
| Environmental Protection: | | | |
| Water and Sewer Projects | | | |
| Princeville water and sewer | 40,000 | - | 40,000 |
| Total environmental protection | 40,000 | - | 40,000 |
| Education | | | |
| Edgecombe County Schools - current expense | 7,759,905 | 7,759,905 | - |
| Nash Rocky Mounty Schools - current expense | 2,595,793 | 2,595,793 | - |
| Public schools - capital outlay | 652,628 | 652,627 | 1 |
| Lottery Allocation - capital outlay | 233,800 | 323,799 | (89,999) |
| Community colleges - current expenditures | 1,849,796 | 1,849,796 | - |
| Community colleges - capital outlay | 518,070 | 1,078,319 | (560,249) |
| Total education | 13,609,992 | 14,260,239 | (650,247) |

Edgecombe County, North Carolina

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|-------------------|----------------------|------------------------------------|
| Debt Service: | | | |
| Principal retirement | 2,471,595 | 2,688,868 | (217,273) |
| Principal retirement - Schools | 683,000 | 683,000 | - |
| Interest and fees | 776,584 | 854,436 | (77,852) |
| Interest and fees - Schools | 121,432 | 121,116 | 316 |
| Total debt service | 4,052,611 | 4,347,420 | (294,809) |
| Total expenditures | 70,697,959 | 62,014,163 | 8,683,796 |
| Revenues over (under) expenditures | (10,255,684) | 4,391,585 | 14,647,269 |
| Other financing sources (uses) | | | |
| Transfers | | | |
| Transfer from General Fund - Health Department | 1,548,417 | 1,662,768 | 114,351 |
| Transfer from General Fund - DSS | 5,141,533 | 5,116,533 | (25,000) |
| Transfer from General Fund - Revaluation Fund | - | 150,000 | 150,000 |
| Transfer from General Fund - Debt Service Fund | 24,432 | - | (24,432) |
| Transfer from Industrial Development Fund | - | 8,379 | 8,379 |
| Transfers to other funds | (7,420,661) | (7,420,661) | - |
| Total net transfers | (706,279) | (482,981) | 223,298 |
| Proceeds from long-term debt | 422,310 | 450,000 | 27,690 |
| Capital lease obligations issued | - | 336,258 | 336,258 |
| Proceeds from sale of capital assets | 10,000 | 57,000 | 47,000 |
| Total other financing sources (uses) | (273,969) | 360,277 | 634,246 |
| Appropriated fund balance | 10,529,653 | - | (10,529,653) |
| Net change in fund balance | \$ - | 4,751,862 | \$ 4,751,862 |
| Fund balance, beginning of year, as previously reported | | 23,280,053 | |
| Prior period adjustment (see Note V) | | (373,157) | |
| Fund balance, beginning of year | | 22,906,896 | |
| Fund balance, end of year | | <u>\$ 27,658,758</u> | |

Edgecombe County, North Carolina

Revaluation Fund

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

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|--------------|------------------------------------|
| Revenues | | | |
| Investment earnings | \$ - | \$ - | \$ - |
| Total revenues | - | - | - |
| Expenditures | | | |
| General Government: | | | |
| Operating expenditures | 150,000 | - | 150,000 |
| Capital outlay | - | - | - |
| Total expenditures | 150,000 | - | 150,000 |
| Revenues over (under) expenditures | (150,000) | - | (150,000) |
| Other Financing Sources | | | |
| Transfer from other funds | 150,000 | 150,000 | - |
| Revenues and other sources over (under) expenditures | - | 150,000 | (150,000) |
| Appropriated fund balance | - | - | - |
| Revenues, other sources and appropriated fund balance over (under) expenditures | \$ - | 150,000 | \$ (150,000) |
| Fund balance, beginning of year | | 910,068 | |
| Fund balance, end of year | | \$ 1,060,068 | |

NON-MAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance

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

Emergency Telephone System Fund - This fund was established in accordance with North Carolina law to accounts for the accumulation of telephone surcharges to be used for emergency telephone services.

Fire District Fund - This fund accounts for the ad valorem tax levies of the fire districts in Edgecombe County.

Economic Development and Housing Recovery Fund -This fund accounts for grant revenues from the North Carolina Housing Finance Agency restricted for repairs and renovations of low income

Industrial Sites Development Fund -This fund accounts for revenues and expenditures related to economic and industrial development.

Community Development Block Grant Fund -This fund accounts for community development block grant funds restricted for economic and physical development.

Hazard Mitigation Grant Program Fund (County Projects) -This fund accounts for hazard mitigation grant program funds restricted for economic and physical development.

Hazard Mitigation Grant Program Fund (Princeville Projects) -This fund accounts for hazard mitigation grant program funds restricted for economic and physical development.

Representative Payee Fund -This fund accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals.

Fines and Forfeitures Fund -This fund accounts for various legal finds and forfeituers that the County is required to remit to the Edgecombe County Board of Education and the Nash Rocky Mount Schools Board of Education.

Register of Deeds Trust Fund -This fund accounts for the \$5 of each fee collected by the Register of Deeds for registering a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Capital Project Funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities other than those financed by Proprietary funds.

School Capital Project Fund -This fund accounts for restricted sales tax revenues designated for public school capital expenditures.

Edgecombe County, North Carolina

Exhibit C-1

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2021

Special Revenue Funds

| | Emergency Telephone System Fund | Fire District Fund | Economic Development and Housing Recovery Fund | Industrial Sites Development Fund | Community Development Block Grant Fund | Hazard Mitigation Grant Program Fund (County) | Hazard Mitigation Grant Program (Princeville) | Representative Payee Fund |
|--|---------------------------------|--------------------|--|-----------------------------------|--|---|---|---------------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ 330,577 | \$ 35,974 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 68,532 |
| Taxes receivables, net | - | 153,909 | - | - | - | - | - | - |
| Due from other governments | 9,657 | - | - | - | 2,014 | - | - | - |
| Total assets | \$ 340,234 | \$ 189,883 | \$ - | \$ - | \$ 2,014 | \$ - | \$ - | \$ 68,532 |
| Liabilities | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 42 | \$ 35,974 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | 773,208 | - | 536,553 | 112,083 | 926,343 | - |
| Total liabilities | 42 | 35,974 | 773,208 | - | 536,553 | 112,083 | 926,343 | - |
| Deferred Inflows of Resources | - | 153,909 | - | - | - | - | - | - |
| Fund Balances | | | | | | | | |
| Restricted: | | | | | | | | |
| Stabilization by State Statute | 9,657 | - | - | - | 2,014 | - | - | - |
| Education | - | - | - | - | - | - | - | - |
| Public safety E-911 | 330,535 | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | 68,532 |
| Economic development | - | - | - | - | - | - | - | - |
| Committed: | | | | | | | | |
| Tax revaluation and mapping | - | - | - | - | - | - | - | - |
| Committed for economic development | - | - | - | - | - | - | - | - |
| Unassigned | - | - | (773,208) | - | (536,553) | (112,083) | (926,343) | - |
| Total fund balances | 340,192 | - | (773,208) | - | (534,539) | (112,083) | (926,343) | 68,532 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 340,234 | \$ 189,883 | \$ - | \$ - | \$ 2,014 | \$ - | \$ - | \$ 68,532 |

Edgecombe County, North Carolina

Exhibit C-1

Non-Major Governmental Funds Combining Balance Sheet June 30, 2021

| | Special Revenue Funds | | | Capital Project Funds | | |
|---|----------------------------------|------------------------------------|--|---------------------------------------|--|--|
| | Fines and Forfeitures Fund | Register of Deeds Trust Fund | Total NonMajor Special Revenue Funds | Schools Capital Project Fund | Total NonMajor Capital Project Funds | Total Nonmajor Governmental Funds |
| Assets | | | | | | |
| Cash and cash equivalents | \$ 22,540 | \$ - | \$ 457,623 | \$ - | \$ - | \$ 457,623 |
| Taxes receivables, net | - | - | 153,909 | - | - | 153,909 |
| Due from other governments | - | - | 11,671 | 253,249 | 253,249 | 264,920 |
| Total assets | <u>\$ 22,540</u> | <u>\$ -</u> | <u>\$ 623,203</u> | <u>\$ 253,249</u> | <u>\$ 253,249</u> | <u>\$ 876,452</u> |
| Liabilities | | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ - | \$ 36,016 | \$ 253,249 | \$ 253,249 | \$ 289,265 |
| Due to other funds | - | - | 2,348,187 | - | - | 2,348,187 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>2,384,203</u> | <u>253,249</u> | <u>253,249</u> | <u>2,637,452</u> |
| Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>153,909</u> | <u>-</u> | <u>-</u> | <u>153,909</u> |
| Fund Balances | | | | | | |
| Restricted: | | | | | | |
| Stabilization by State Statute | - | - | 11,671 | - | - | 11,671 |
| Education | 22,540 | - | 22,540 | - | - | 22,540 |
| Public safety E-911 | - | - | 330,535 | - | - | 330,535 |
| Human services | - | - | 68,532 | - | - | 68,532 |
| Economic development | - | - | - | - | - | - |
| Committed: | | | | | | |
| Tax revaluation and mapping | - | - | - | - | - | - |
| Committed for economic development | - | - | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>(2,348,187)</u> | <u>-</u> | <u>-</u> | <u>(2,348,187)</u> |
| Total fund balances | <u>22,540</u> | <u>-</u> | <u>(1,914,909)</u> | <u>-</u> | <u>-</u> | <u>(1,914,909)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 22,540</u> | <u>\$ -</u> | <u>\$ 623,203</u> | <u>\$ 253,249</u> | <u>\$ 253,249</u> | <u>\$ 876,452</u> |

Edgecombe County, North Carolina
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2021

Exhibit C-2

| | Special Revenue Funds | | | | | | | |
|---|---------------------------------------|--------------------------|--|---|---|--|--|------------------------------|
| | Emergency Telephone System Fund | Fire District Fund | Economic Development and Housing Recovery Fund | Industrial Sites Development Fund | Community Development Block Grant Fund | Hazard Mitigation Grant Program Fund (County) | Hazard Mitigation Grant Program (Princeville) | Representative Payee Fund |
| Revenues | | | | | | | | |
| Ad valorem taxes | \$ - | \$ 1,383,717 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Local option sales tax | - | - | - | - | - | - | - | - |
| Restricted intergovernmental | 115,881 | - | 35,000 | - | - | - | - | 198,652 |
| Sales and services | - | - | - | - | - | - | - | - |
| Permits and fees | - | - | - | - | - | - | - | - |
| Total revenues | 115,881 | 1,383,717 | 35,000 | - | - | - | - | 198,652 |
| Expenditures | | | | | | | | |
| General government | - | - | - | - | - | - | - | - |
| Public safety | 285,110 | 1,383,717 | - | - | - | - | - | - |
| Economic and physical development | - | - | 471,974 | - | - | 112,083 | 498,999 | - |
| Education | - | - | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - | - | 183,929 |
| Total expenditures | 285,110 | 1,383,717 | 471,974 | - | - | 112,083 | 498,999 | 183,929 |
| Revenues over (under) expenditures | (169,229) | - | (436,974) | - | - | (112,083) | (498,999) | 14,723 |
| Other financing sources (uses) | | | | | | | | |
| Transfers (to) from other funds | - | - | - | (8,379) | - | - | - | - |
| Total other financing sources (uses) | - | - | - | (8,379) | - | - | - | - |
| Net change in fund balances | (169,229) | - | (436,974) | (8,379) | - | (112,083) | (498,999) | 14,723 |
| Fund balances, beginning, as previously reported | 509,421 | - | (336,234) | 8,379 | (534,539) | - | (427,344) | - |
| Prior Period Adjustment | - | - | - | - | - | - | - | - |
| Prior Period Restatement - change in accounting principle | - | - | - | - | - | - | - | 53,809 |
| Fund balance, beginning, as restated | 509,421 | - | (336,234) | 8,379 | (534,539) | - | (427,344) | 53,809 |
| Fund balances, end of year | \$ 340,192 | \$ - | \$ (773,208) | \$ - | \$ (534,539) | \$ (112,083) | \$ (926,343) | \$ 68,532 |

Edgecombe County, North Carolina
Non-Major Governmental Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2021

Exhibit C-2

| | Special Revenue Funds | | | Capital Project Funds | | |
|--|----------------------------------|------------------------------------|--|------------------------------------|--|--|
| | Fines and Forfeitures Fund | Register of Deeds Trust Fund | Total NonMajor Special Revenue Funds | Schools Capital Project Fund | Total NonMajor Capital Project Funds | Total Nonmajor Governmental Funds |
| Revenues | | | | | | |
| Ad valorem taxes | \$ - | \$ - | \$ 1,383,717 | \$ - | \$ - | \$ 1,383,717 |
| Local option sales tax | - | - | - | 1,295,544 | 1,295,544 | 1,295,544 |
| Restricted intergovernmental | - | - | 349,533 | - | - | 349,533 |
| Sales and services | 156,953 | - | 156,953 | - | - | 156,953 |
| Permits and fees | - | 17,689 | 17,689 | - | - | 17,689 |
| Total revenues | 156,953 | 17,689 | 1,907,892 | 1,295,544 | 1,295,544 | 3,203,436 |
| Expenditures | | | | | | |
| General government | - | 17,689 | 17,689 | - | - | 17,689 |
| Public safety | - | - | 1,668,827 | - | - | 1,668,827 |
| Economic and physical development | - | - | 1,083,056 | - | - | 1,083,056 |
| Education | 134,413 | - | 134,413 | 1,295,544 | 1,295,544 | 1,429,957 |
| Human services | - | - | 183,929 | - | - | 183,929 |
| Total expenditures | 134,413 | 17,689 | 3,087,914 | 1,295,544 | 1,295,544 | 4,383,458 |
| Revenues over (under) expenditures | 22,540 | - | (1,180,022) | - | - | (1,180,022) |
| Other financing sources (uses) | | | | | | |
| Transfers (to) from other funds | - | - | (8,379) | - | - | (8,379) |
| Total other financing sources (uses) | - | - | (8,379) | - | - | (8,379) |
| Net change in fund balances | 22,540 | - | (1,188,401) | - | - | (1,188,401) |
| Fund balances, beginning, as previously reported | - | - | (780,317) | - | - | (780,317) |
| Prior Period Adjustment | - | - | - | - | - | - |
| Prior Period Restatement - change in accounting principle | - | - | 53,809 | - | - | 53,809 |
| Fund balance, beginning, as restated | - | - | (726,508) | - | - | (726,508) |
| Fund balances, end of year | \$ 22,540 | \$ - | \$ (1,914,909) | \$ - | \$ - | \$ (1,914,909) |

Edgecombe County, North Carolina

Emergency Telephone System Fund

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

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------|------------|------------------------------------|
| Revenues | | | |
| Restricted intergovernmental: | | | |
| Emergency telephone fee | \$ 157,000 | \$ 115,881 | \$ (41,119) |
| Total revenues | 157,000 | 115,881 | (41,119) |
| Expenditures | | | |
| Public safety: | | | |
| Emergency telephone services: | | | |
| Operating expenditures | 143,500 | 98,513 | 44,987 |
| Capital outlay | 292,000 | 186,597 | 105,403 |
| Total expenditures | 435,500 | 285,110 | 150,390 |
| Revenues over (under) expenditures | (278,500) | (169,229) | 109,271 |
| Appropriated fund balance | 278,500 | - | (278,500) |
| Net change in fund balance | \$ - | (169,229) | \$ (169,229) |
| Fund balance, beginning of year | | 509,421 | |
| Fund balance, end of year | | \$ 340,192 | |

Edgecombe County, North Carolina

Fire Districts Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|--------------|--------------|------------------------------------|
| Revenues | | | |
| Ad valorem taxes | \$ 1,171,500 | \$ 1,383,717 | \$ 212,217 |
| Total revenues | 1,171,500 | 1,383,717 | 212,217 |
| Expenditures | | | |
| Public Safety: | | | |
| Harrison Fire District | 80,000 | 75,970 | 4,030 |
| Tri County Fire District | 55,000 | 75,635 | (20,635) |
| Davenport Fire District | 35,000 | 41,573 | (6,573) |
| Heartsease Fire District | 175,000 | 240,365 | (65,365) |
| Princeville Fire District | 115,000 | 121,543 | (6,543) |
| Speed Fire District | 85,000 | 91,436 | (6,436) |
| South Edgecombe Fire District | 135,000 | 196,401 | (61,401) |
| Macclesfield Fire District | 60,000 | 67,192 | (7,192) |
| Leggett Fire District | 80,000 | 79,649 | 351 |
| West Edgecombe Fire District | 150,000 | 165,754 | (15,754) |
| Lewis Fire District | 65,000 | 76,502 | (11,502) |
| Conetoe Fire District | 120,000 | 136,768 | (16,768) |
| Sharp Point Fire District | 6,500 | 5,146 | 1,354 |
| Pintain Fire District | 10,000 | 9,783 | 217 |
| Total expenditures | 1,171,500 | 1,383,717 | (212,217) |
| Revenues over (under) expenditures | \$ - | - | \$ - |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ - | |

Edgecombe County, North Carolina

Economic Development and Housing Recovery Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual From Inception and for the Year Ended June 30, 2021

| | | Actual | | | | Variance |
|------------------------------------|---------------|--------------|--------------|-----------|----------------|---------------|
| | Project | | | Completed | | Positive |
| | Authorization | Prior Years | Current Year | Project | Total to Date | (Negative) |
| Revenues | | | | | | |
| Restricted intergovernmental: | | | | | | |
| NC Department of Commerce | | | | | | |
| Golden Leaf Grant | \$ 2,763,129 | \$2,041,646 | \$ - | \$ - | \$ 2,041,646 | \$ (721,483) |
| IDF Revenue Kings | 1,539,000 | - | - | - | - | (1,539,000) |
| NC Housing Finance Agency | | | | | | |
| Urgent Repairs Program | 70,000 | - | 35,000 | - | 35,000 | (35,000) |
| NCDOT Carolinas Gateway | | | | | | |
| Partnership | 352,036 | 352,036 | - | (352,036) | - | - |
| NCDOT Utility Relocation | 1,302,500 | - | - | - | - | (1,302,500) |
| Total | 6,026,665 | 2,393,682 | 35,000 | (352,036) | 2,076,646 | (3,597,983) |
| Investment earnings | - | 897 | - | - | 897 | 897 |
| Total revenues | 6,026,665 | 2,394,579 | 35,000 | (352,036) | 2,077,543 | (3,597,086) |
| Expenditures | | | | | | |
| Economic and physical development: | | | | | | |
| NC Department of Commerce | | | | | | |
| Golden Leaf Grant | 2,763,129 | 1,615,330 | 34,890 | - | 1,650,220 | 1,112,909 |
| IDF Revenue Kings | 1,539,000 | 1,081,583 | 32,226 | - | 1,113,809 | 425,191 |
| NC Housing Finance Agency | | | | | | |
| 2019 Urgent Repairs Program | 70,000 | - | 69,073 | - | 69,073 | 927 |
| Other Expenditures | - | - | 2,629 | - | 2,629 | (2,629) |
| NCDOT Carolinas Gateway | | | | | | |
| Partnership | 352,036 | 352,036 | - | (352,036) | - | - |
| NCDOT Utility Relocation | 1,302,500 | - | 333,156 | - | 333,156 | 969,344 |
| Total expenditures | 6,026,665 | 3,048,949 | 471,974 | (352,036) | 3,168,887 | 2,505,742 |
| Revenues over (under) expenditures | - | (654,370) | (436,974) | - | (1,091,344) | (1,091,344) |
| Other financing sources (uses) | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - |
| Net change in fund balance | \$ - | \$ (654,370) | (436,974) | \$ - | \$ (1,091,344) | \$(1,091,344) |
| Fund balance, beginning of year | | | (336,234) | | | |
| Fund balance, end of year | | | \$ (773,208) | | | |

Edgecombe County, North Carolina

Industrial Sites Development Fund

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

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|----------------|------------------------------------|
| Revenues | | | |
| Lease payments | \$ - | \$ - | \$ - |
| Total revenues | - | - | - |
| Expenditures | | | |
| Economic Development | | | |
| Salaries and benefits | - | - | - |
| Industrial incentives | - | - | - |
| Total expenditures | - | - | - |
| Revenues over (under) expenditures | - | - | - |
| Other financing sources | | | |
| Transfers (to) from other funds | - | (8,379) | (8,379) |
| Revenues and other financing sources over (under) expenditures | - | (8,379) | (8,379) |
| Net change in fund balance | <u>\$ -</u> | <u>(8,379)</u> | <u>\$ (8,379)</u> |
| Fund balance, beginning of year | | <u>8,379</u> | |
| Fund balance, end of year | | <u>\$ -</u> | |

Edgecombe County, North Carolina
Community Development Block Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2021

| | | Actual | | | |
|---------------------------------------|--------------------------|--------------------|---------------------|---------------------|---------------------------------|
| | Project Authorization | Prior Years | Current Year | Total to Date | Variance Positive (Negative) |
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| Community Development Block Grant | \$ 1,400,000 | \$ - | \$ - | \$ - | \$ (1,400,000) |
| Total revenues | 1,400,000 | - | - | - | (1,400,000) |
| Expenditures | | | | | |
| Economic and physical development: | | | | | |
| Salaries and benefits | 1,000,000 | 426,595 | - | 426,595 | 573,405 |
| Administration | 400,000 | 47,160 | - | 47,160 | 352,840 |
| Other operating expenditures | - | - | - | - | - |
| CDBG grant | - | 60,784 | - | 60,784 | (60,784) |
| Total expenditures | 1,400,000 | 534,539 | - | 534,539 | 865,461 |
| Revenues over (under) expenditures | - | (534,539) | - | (534,539) | (534,539) |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Net change in fund balance | \$ - | <u>\$(534,539)</u> | - | <u>\$ (534,539)</u> | <u>\$ (534,539)</u> |
| Fund balance, beginning of year | | | <u>(534,539)</u> | | |
| Fund balance, end of year | | | <u>\$ (534,539)</u> | | |

Edgecombe County, North Carolina
Hazard Mitigation Grant Program Fund (County Projects)
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2021

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|---------------------------------------|--------------------------|----------------|---------------------------|---------------------|------------------------------------|
| <u>REVENUES</u> | | | | | |
| Restricted Intergovernmental: | | | | | |
| NCEM HMGP Grant | \$ 6,146,179 | \$ - | \$ - | \$ - | \$ (6,146,179) |
| Investment Earnings | - | - | - | - | - |
| Total Revenue | <u>6,146,179</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,146,179)</u> |
| <u>EXPENDITURES</u> | | | | | |
| Economic and Physical Development | | | | | |
| NCEM HMGP Hard Cost | 5,860,429 | - | 42,407 | 42,407 | 5,818,022 |
| NCEM HMGP Grant Soft Cost | <u>285,750</u> | <u>-</u> | <u>69,676</u> | <u>69,676</u> | <u>216,074</u> |
| Total | <u>6,146,179</u> | <u>-</u> | <u>112,083</u> | <u>112,083</u> | <u>6,034,096</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>\$ -</u> | (112,083) | <u>\$ (112,083)</u> | <u>\$ (112,083)</u> |
| Fund balance, beginning | | | <u>-</u> | | |
| Fund balance, ending | | | <u>\$ (112,083)</u> | | |

Edgecombe County, North Carolina

Hazard Mitigation Grant Program Fund (Princeville Projects)

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

From Inception and for the Year Ended June 30, 2021

| | | Actual | | | Variance |
|---------------------------------------|---------------|--------------|--------------|---------------|----------------|
| | Project | Prior Years | Current Year | Total to Date | Positive |
| | Authorization | | | | (Negative) |
| Revenues | | | | | |
| Restricted intergovernmental: | | | | | |
| Hazard Mitigation Grant Program | \$ 5,488,625 | \$ - | \$ - | \$ - | \$ (5,488,625) |
| Total revenues | 5,488,625 | - | - | - | (5,488,625) |
| Expenditures | | | | | |
| Economic and physical development: | | | | | |
| Other operating expenditures | 5,488,625 | 427,344 | 498,999 | 926,343 | 4,562,282 |
| Total expenditures | 5,488,625 | 427,344 | 498,999 | 926,343 | 4,562,282 |
| Revenues over (under) expenditures | - | (427,344) | (498,999) | (926,343) | (926,343) |
| Other financing sources (uses) | | | | | |
| Transfers from other funds | - | - | - | - | - |
| Net change in fund balance | \$ - | \$ (427,344) | (498,999) | \$ (926,343) | \$ (926,343) |
| Fund balance, beginning of year | | | (427,344) | | |
| Fund balance, end of year | | | \$ (926,343) | | |

Edgecombe County, North Carolina
 Representative Payee Fund
 Statement of Revenues, Expenditures
 and Changes In Fund Balance- Budget and Actual
 For the Year Ended June 30, 2021

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> |
|--|---------------------|------------------|--------------------------------|
| Revenues: | | | |
| Restricted intergovernmental | \$ - | \$ 198,652 | \$ 198,652 |
| Investment earnings | - | - | - |
| Total Revenues | <u>-</u> | <u>198,652</u> | <u>198,652</u> |
| Expenditures: | | | |
| Human services | | | |
| Payments made for the benefit of beneficiaries | <u>-</u> | <u>183,929</u> | <u>(183,929)</u> |
| Other Financing Sources(Uses): | | | |
| Fund Balance Appropriated | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>14,723</u> | <u>\$ 14,723</u> |
| Fund balance, beginning, as previously | | - | |
| Prior Period Restatement - change in accounting principle | | <u>53,809</u> | |
| Fund balance, beginning, as restated | | <u>53,809</u> | |
| Fund balance, ending | | <u>\$ 68,532</u> | |

Edgecombe County, North Carolina
Fines and Forfeitures Fund
Statement of Revenues, Expenditures
and Changes In Fund Balance- Budget and Actual
For the Year Ended June 30, 2021

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> |
|--|---------------------|-------------------------|--------------------------------|
| Revenues: | | | |
| Sales and Services | | | |
| Penalties, fines, and forfeitures | <u>\$ -</u> | <u>\$ 156,953</u> | <u>\$ 156,953</u> |
| Expenditures: | | | |
| Education | | | |
| Payments of penalties, fines and forfeitures to the Board of Education | <u>-</u> | <u>134,413</u> | <u>(134,413)</u> |
| Other Financing Sources(Uses): | | | |
| Fund Balance Appropriated | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u><u>\$ -</u></u> | <u>22,540</u> | <u><u>\$ 22,540</u></u> |
| Fund balance, beginning, as previously reported | | - | |
| Prior Period Restatement - change in accounting principle | | <u>-</u> | |
| Fund balance, beginning, as restated | | <u>-</u> | |
| Fund balance, ending | | <u><u>\$ 22,540</u></u> | |

Edgecombe County, North Carolina
Register of Deeds Trust Fund
Statement of Revenues, Expenditures
and Changes In Fund Balance- Budget and Actual
For the Year Ended June 30, 2021

| | 2021 | | |
|--|---------------------|--------------------|--------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
| Revenues: | | | |
| Permits and Fees | | | |
| Register of deeds | <u>\$ -</u> | <u>\$ 17,689</u> | <u>\$ 17,689</u> |
| Expenditures: | | | |
| General government | | | |
| Payments of fees collected to | | | |
| the State of North Carolina | <u>-</u> | <u>17,689</u> | <u>(17,689)</u> |
| Other Financing Sources(Uses): | | | |
| Fund Balance Appropriated | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u><u>\$ -</u></u> | <u>-</u> | <u><u>\$ -</u></u> |
| Fund balance, beginning, as previously | | - | |
| Prior Period Restatement - change | | | |
| in accounting principle | | <u>-</u> | |
| Fund balance, beginning, as restated | | <u>-</u> | |
| Fund balance, ending | | <u><u>\$ -</u></u> | |

Edgecombe County, North Carolina

Schools Capital Project Fund

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

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|--------------|------------------------------------|
| Revenues | | | |
| Local option sales tax - restricted portion | \$ 750,000 | \$ 1,295,544 | \$ 545,544 |
| Total revenues | 750,000 | 1,295,544 | 545,544 |
| Expenditures | | | |
| Education: | | | |
| Schools Capital Outlay | | | |
| Edgecombe County Board of Education | 576,750 | 992,924 | (416,174) |
| Nash Rocky Mount Board of Education | 173,250 | 302,620 | (129,370) |
| Total expenditures | 750,000 | 1,295,544 | (545,544) |
| Revenues over (under) expenditures | \$ - | - | \$ - |
| Fund balance, beginning of year | | - | |
| Fund balance, end of year | | \$ - | |

ENTERPRISE FUNDS

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

- **Water and Sewer Operations Fund:** This fund is used to account for the County's water and sewer operations.
- **Water District Capital Projects Fund:** This fund is used to account for the construction of water and sewer infrastructure in the County's Water Districts. This fund is consolidated with the Water and Sewer Operations Fund.
- **Solid Waste Fund:** This fund is used to account for of the County's solid waste disposal operations.

Edgecombe County, North Carolina

Water and Sewer Operations Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|--------------|------------------------------------|
| Revenues: | | | |
| Operating revenues | | | |
| Charges for services: | | | |
| Water sales | \$ 3,498,100 | \$ 3,536,729 | \$ 38,629 |
| Sewer sales | 602,000 | 627,948 | 25,948 |
| Late charges and penalties | 180,000 | 206,323 | 26,323 |
| Water taps | 50,000 | 67,440 | 17,440 |
| Sewer taps | - | - | - |
| Administration fees | 2,400 | 2,400 | - |
| Other operating revenues | 14,000 | 13,320 | (680) |
| Total operating revenues | 4,346,500 | 4,454,160 | 107,660 |
| Non-operating revenues | | | |
| Investment earnings | - | 26,450 | 26,450 |
| DOT Reimbursement | - | 281,092 | 281,092 |
| Miscellaneous | 219,257 | 21,943 | (197,314) |
| Total nonoperating revenues | 219,257 | 329,485 | 110,228 |
| Total revenues | 4,565,757 | 4,783,645 | 217,888 |
| Expenditures: | | | |
| Water and Sewer Operation Administration: | | | |
| Salaries and employee benefits | 594,500 | 547,262 | 47,238 |
| Water purchases | 1,300,000 | 1,225,036 | 74,964 |
| Operating expenditures | 1,006,257 | 931,057 | 75,200 |
| Sewer costs | 385,000 | 314,062 | 70,938 |
| Capital outlay | 20,000 | 179,965 | (159,965) |
| Total | 3,305,757 | 3,197,382 | 108,375 |
| Debt Service: | | | |
| Debt principal | 768,169 | 814,106 | (45,937) |
| Interest and fees | 491,831 | 514,676 | (22,845) |
| Total | 1,260,000 | 1,328,782 | (68,782) |
| Total expenditures | 4,565,757 | 4,526,164 | 39,593 |
| Revenues over (under) expenditures | - | 257,481 | 257,481 |
| Revenues and other financing sources over (under) expenditures and other financing uses | \$ - | \$ 257,481 | \$ 257,481 |

Edgecombe County, North Carolina
 Water and Sewer Operations Fund
 Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|---------------------|------------------------------------|
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Revenues and other financing sources over (under) | | | |
| expenditures and other financing uses | | \$ 257,481 | |
| Reconciling items: | | | |
| Capitalized assets | | 178,502 | |
| Depreciation | | (1,412,252) | |
| Decrease in accrued interest payable | | (27,602) | |
| Principal debt retirement | | 814,106 | |
| Amortization of premium on refunding bonds | | 26,482 | |
| Amortization of deferred costs of refunding | | (27,250) | |
| Change in net pension liability | | (44,914) | |
| Increase in deferred outflows of resources - pensions | | 13,763 | |
| Increase in deferred outflows of resources - OPEB | | 23,383 | |
| Decrease in deferred inflows of resources - pensions | | 1,546 | |
| Decrease in deferred inflows of resources - OPEB | | 1,847 | |
| Decrease in compensated absences | | 13,410 | |
| Increase in total OPEB liability | | (30,320) | |
| Water and Sewer Capital Project Fund | | | |
| Capital contributions | | 1,675,061 | |
| Investment earnings | | 21 | |
| | | <u>1,205,783</u> | |
| Total reconciling items | | <u>1,205,783</u> | |
| Change in net position | | <u>\$ 1,463,264</u> | |

Edgecombe County, North Carolina
Water District Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2021

| | | Actual | | | | Variance |
|---|---------------|--------------|--------------|----------------|---------------|------------|
| | Project | | | Closed Out | Total to Date | Positive |
| | Authorization | Prior Years | Current Year | Projects | | (Negative) |
| Revenues | | | | | | |
| Water District No. 5 | | | | | | |
| Speed Sewer Project | | | | | | |
| CDBG Grant | \$ 2,981,569 | \$ 2,981,569 | \$ - | \$ (2,981,569) | \$ - | \$ - |
| USDA Grant | 1,771,000 | 1,771,000 | - | - | 1,771,000 | - |
| Acorn Hill | | | | | | |
| USDA Grant | 1,492,378 | 102,834 | 1,675,061 | - | 1,777,895 | 285,517 |
| Total | 6,244,947 | 4,855,403 | 1,675,061 | (2,981,569) | 3,548,895 | 285,517 |
| Miscellaneous Water Projects: | | | | | | |
| Investment income | - | 6,074 | 21 | - | 6,095 | 6,095 |
| Total revenues | \$ 6,244,947 | \$ 4,861,477 | \$ 1,675,082 | \$ (2,981,569) | \$ 3,554,990 | \$ 291,612 |
| Expenditures | | | | | | |
| Speed Sewer Project: | | | | | | |
| Construction CDBG | \$ 2,766,969 | \$ 2,766,969 | \$ - | \$ (2,766,969) | \$ - | \$ - |
| Rehab / LMI CDBG | 89,600 | 89,600 | - | (89,600) | - | - |
| Administrative and legal CDBG | 125,000 | 125,000 | - | (125,000) | - | - |
| Construction USDA | 1,892,043 | 1,892,043 | - | - | 1,892,043 | - |
| Rehab / LMI USDA | 166,913 | 166,913 | - | - | 166,913 | - |
| Acorn Hill: | | | | | | |
| Construction USDA | 1,699,044 | 489,164 | 784,284 | - | 1,273,448 | 425,596 |
| Total | 6,739,569 | 5,529,689 | 784,284 | (2,981,569) | 3,332,404 | 425,596 |
| Total expenditures | 6,739,569 | 5,529,689 | 784,284 | (2,981,569) | 3,332,404 | 425,596 |
| Revenues over (under) expenditures | (494,622) | (668,212) | 890,798 | - | 222,586 | 717,208 |
| Other Financing Sources (Uses) | | | | | | |
| Transfer from Water and Sewer | - | 260,073 | - | - | 260,073 | 260,073 |
| Speed Sewer Project: | | | | | | |
| USDA Loan | 410,000 | - | - | - | - | (410,000) |
| Acorn Hill | | | | | | |
| USDA Loan | 84,622 | - | - | - | - | (84,622) |
| Total other financing sources (uses) | 494,622 | 260,073 | - | - | 260,073 | (234,549) |
| Revenues and other financing sources over | | | | | | |
| (under) expenditures and other uses | \$ - | \$ (408,139) | \$ 890,798 | \$ - | \$ 482,659 | \$ 482,659 |

Edgecombe County, North Carolina

Solid Waste Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------|--------------|------------------------------------|
| Revenues: | | | |
| Operating revenues | | | |
| Solid waste charges | \$ 2,101,000 | \$ 2,372,013 | \$ 271,013 |
| Recycling fees | - | 50,612 | 50,612 |
| Total operating revenues | 2,101,000 | 2,422,625 | 321,625 |
| Non-operating revenues | | | |
| Investments earnings | - | 298 | 298 |
| Solid waste disposal tax | 15,000 | 20,499 | 5,499 |
| Scrap tire disposal tax | 70,000 | 75,724 | 5,724 |
| White goods disposal tax | 15,000 | - | (15,000) |
| White goods grant | - | - | - |
| Scrap tire grant | - | - | - |
| Electronics management grant | - | 362 | 362 |
| Miscellaneous | - | 1,262 | 1,262 |
| Total non-operating revenues | 100,000 | 98,145 | (1,855) |
| Total revenues | 2,201,000 | 2,520,770 | 319,770 |
| Expenditures: | | | |
| Landfill operations | | | |
| Salaries and employee benefits | | 689,254 | |
| Operating expenditures | | 1,470,163 | |
| Keep America Beautiful | | 19,610 | |
| Recycling and solid waste disposal | | 103,245 | |
| Capital outlay | | 196,025 | |
| Total landfill operations | 2,585,118 | 2,478,297 | 106,821 |
| Debt Service | | | |
| Debt principal | 77,760 | 77,760 | - |
| Total expenditures | 2,662,878 | 2,556,057 | 106,821 |
| Revenues over (under) expenditures | (461,878) | (35,287) | 426,591 |
| Other financing sources | | | |
| Transfer from General Fund | 461,878 | 491,360 | 29,482 |
| Appropriated fund balance | - | - | - |
| Revenues, other financing sources, and appropriated fund balance over (under) expenditures | \$ - | \$ 456,073 | \$ 456,073 |

Edgecombe County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2021

| | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------|-------------------|------------------------------------|
| | | <u>Actual</u> | |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Revenues, other financing sources, and appropriated fund balance over (under) expenditures | | \$ 456,073 | |
| Reconciling items: | | | |
| Debt principal | | 77,760 | |
| Capital outlay | | 196,025 | |
| Depreciation | | (250,014) | |
| Increase in deferred outflows of resources - pensions | | 3,684 | |
| Increase in deferred outflows of resources - OPEB | | 33,351 | |
| Increase in net pension liability | | (19,023) | |
| Decrease in deferred inflows of resources - pensions | | 1,151 | |
| Decrease in deferred inflows of resources - OPEB | | 2,634 | |
| Decrease in compensated absences | | 4,991 | |
| Increase in total OPEB liability | | (43,245) | |
| Increase in accrued landfill closure and post-closure costs | | <u>(59,402)</u> | |
| Total reconciling items | | <u>(52,088)</u> | |
| Change in net position | | <u>\$ 403,985</u> | |

WATER DISTRICTS - CONSOLIDATING INFORMATION

USDA has requested that the County break out each water district separately. The County does not present each of the Water District's separately on their general ledger, so adequate information was not available to provide separate spreadsheets for each district. In addition, there was no separate budget prepared for each water district. The County prepared separate balance sheets and revenue and expenditure schedules for each water district based on the following: On the individual Balance Sheets, the amounts for Restricted Cash, capital assets, accrued interest, and debt are based on capital asset schedules and debt schedules, so these numbers are properly reflected for each district. Additionally, the receivable balances and customer deposits are tracked by district, so those balances agree with the subsidiary ledgers. However, the remaining balance sheet items are allocated based on a proportionate rate determined by the finance staff and allocated across the districts based on that proportionate rate. On the Schedule of Revenues and Expenditures, depreciation expense and interest expense are based on the capital asset and debt schedules. In addition, grant amounts (capital contributions) are properly reflected in the district for which the grant was received. Revenues were broken out using monthly billing reports which separated the billings by district. The remaining information was allocated using the proportionate percentage determined by the finance staff.

Edgecombe County, North Carolina
Proprietary Funds - Water and Sewer Districts
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
June 30, 2021

Exhibit E-1

| | Water and Sewer District #1 | Water and Sewer District #2 | Water and Sewer District #3 | Water and Sewer District #4 | Water and Sewer District #5 | Water and Sewer District #6 | Water Districts Capital Projects Funds | Water and Sewer Operations Fund | Eliminations | Total |
|---|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|--|------------------------------------|--------------|--------------|
| Assets | | | | | | | | | | |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 482,660 | \$ 363,626 | \$ 219,382 | \$ 1,065,668 |
| Receivables, net | 483,102 | 163,288 | 107,001 | 42,705 | 176,508 | 133,755 | - | 1,150,846 | (1,106,359) | 1,150,846 |
| Due from other funds | - | - | - | - | - | - | - | 1,094,084 | (1,094,084) | - |
| Due from other governments | - | - | - | - | - | - | - | - | - | - |
| Due from Water Districts - Current Portion of LOBS | - | - | - | - | - | - | - | 270,000 | (270,000) | - |
| Total current assets | 483,102 | 163,288 | 107,001 | 42,705 | 176,508 | 133,755 | 482,660 | 2,878,556 | (2,251,061) | 2,216,514 |
| Noncurrent assets: | | | | | | | | | | |
| Restricted cash and cash equivalents | 51,790 | 46,021 | 24,765 | 16,330 | 36,965 | 43,511 | - | 309,734 | (219,382) | 309,734 |
| Due from water districts - Noncurrent portion of LOBS | - | - | - | - | - | - | - | 7,710,000 | (7,710,000) | - |
| Capital assets: | | | | | | | | | | |
| Land and construction in progress | 28,292 | - | - | - | - | 23,700 | 1,602,051 | 1,654,043 | (1,654,043) | 1,654,043 |
| Other capital assets | 10,777,044 | 8,502,254 | 9,109,211 | 9,122,714 | 26,736,280 | 2,968,102 | - | 67,215,606 | (67,215,605) | 67,215,606 |
| Less accumulated depreciation | (4,276,990) | (3,046,455) | (2,955,228) | (1,332,578) | (4,348,967) | (600,732) | - | (16,560,949) | 16,560,950 | (16,560,949) |
| Total capital assets | 6,528,346 | 5,455,799 | 6,153,983 | 7,790,136 | 22,387,313 | 2,391,070 | 1,602,051 | 52,308,700 | (52,308,698) | 52,308,700 |
| Total noncurrent assets | 6,580,136 | 5,501,820 | 6,178,748 | 7,806,466 | 22,424,278 | 2,434,581 | 1,602,051 | 60,328,434 | (60,238,080) | 52,618,434 |
| Total assets | 7,063,238 | 5,665,108 | 6,285,749 | 7,849,171 | 22,600,786 | 2,568,336 | 2,084,711 | 63,206,990 | (62,489,141) | 54,834,948 |
| Deferred Outflows of Resources | | | | | | | | | | |
| Deferred cost of refunding | - | - | - | - | - | - | - | 54,500 | - | 54,500 |
| Pension deferrals | - | - | - | - | - | - | - | 104,414 | - | 104,414 |
| OPEB deferrals | - | - | - | - | - | - | - | 28,052 | - | 28,052 |
| Total deferred outflows of resources | - | - | - | - | - | - | - | 186,966 | - | 186,966 |
| Liabilities | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities | - | - | - | - | - | - | - | 30,916 | - | 30,916 |
| Customer deposits | 51,790 | 46,021 | 24,765 | 16,330 | 36,965 | 43,511 | - | 219,382 | (219,382) | 219,382 |
| Due to other funds | 61,131 | 230,561 | 36,395 | 190,199 | 550,307 | 25,491 | - | - | (1,094,084) | - |
| Due to other governments | - | - | - | - | - | - | - | 11,033 | - | 11,033 |
| Accrued interest | 5,995 | 9,374 | 2,468 | 8,495 | 13,384 | - | - | 26,433 | (26,433) | 39,716 |
| Notes payable - current | 17,174 | - | - | - | 48,735 | - | - | 7,197 | - | 73,106 |
| Revenue bonds payable - current | - | - | - | - | 34,000 | - | - | - | - | 34,000 |
| General obligation bonds payable - current | - | - | - | 60,000 | - | - | - | 60,000 | (60,000) | 60,000 |
| Due to the County (LOBS) | 85,000 | 90,000 | 5,000 | - | 90,000 | - | - | - | (270,000) | - |
| Limited obligation bonds - current | - | - | 130,000 | - | - | - | - | 270,000 | - | 400,000 |
| Total current liabilities | 221,090 | 375,956 | 198,628 | 275,024 | 773,391 | 69,002 | - | 624,961 | (1,669,899) | 868,153 |

Edgecombe County, North Carolina
Proprietary Funds - Water and Sewer Districts
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
June 30, 2021

Exhibit E-1

| | Water and Sewer District #1 | Water and Sewer District #2 | Water and Sewer District #3 | Water and Sewer District #4 | Water and Sewer District #5 | Water and Sewer District #6 | Water Districts Capital Projects Funds | Water and Sewer Operations Fund | Eliminations | Total |
|--|-----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|--|------------------------------------|------------------------|----------------------|
| Long-term liabilities: | | | | | | | | | | |
| Compensated absences | - | - | - | - | - | - | - | 30,254 | - | 30,254 |
| Total OPEB liability | - | - | - | - | - | - | - | 206,972 | - | 206,972 |
| Net pension liability - LGERS | - | - | - | - | - | - | - | 196,488 | - | 196,488 |
| Notes payable | 223,261 | - | - | - | 682,296 | - | - | 64,772 | - | 970,329 |
| Revenue bonds payable | - | - | - | - | 1,617,000 | - | - | - | - | 1,617,000 |
| General obligation bonds payable | - | - | - | 3,230,000 | - | - | - | 3,230,000 | (3,230,000) | 3,230,000 |
| Due to the County (LOBS) | 1,725,000 | 2,740,000 | 220,000 | - | 3,025,000 | - | - | - | (7,710,000) | - |
| Premium on bonds | 163,003 | 126,064 | 118,771 | - | 121,827 | - | - | 529,665 | (529,665) | 529,665 |
| Limited obligations bonds | - | - | 390,000 | - | - | - | - | 7,710,000 | - | 8,100,000 |
| Total long-term liabilities | 2,111,264 | 2,866,064 | 728,771 | 3,230,000 | 5,446,123 | - | - | 11,968,151 | (11,469,665) | 14,880,708 |
| Total liabilities | 2,332,354 | 3,242,020 | 927,399 | 3,505,024 | 6,219,514 | 69,002 | - | 12,593,112 | (13,139,564) | 15,748,861 |
| Deferred Inflows of Resources | | | | | | | | | | |
| Pension deferrals | - | - | - | - | - | - | - | 3,447 | - | 3,447 |
| OPEB deferrals | - | - | - | - | - | - | - | 39,413 | - | 39,413 |
| Total deferred inflows of resources | - | - | - | - | - | - | - | 42,860 | - | 42,860 |
| Net Position | | | | | | | | | | |
| Net investment in capital assets | 6,124,908 | 5,329,735 | 5,515,212 | 4,500,136 | 19,883,455 | 2,391,070 | 1,602,051 | 40,491,566 | (48,489,033) | 37,349,100 |
| Unrestricted | (1,394,024) | (2,906,647) | (156,862) | (155,989) | (3,502,183) | 108,264 | 482,660 | 10,266,418 | (860,544) | 1,881,093 |
| Total net position | \$ 4,730,884 | \$ 2,423,088 | \$ 5,358,350 | \$ 4,344,147 | \$ 16,381,272 | \$ 2,499,334 | \$ 2,084,711 | \$ 50,757,984 | \$ (49,349,577) | \$ 39,230,193 |

Edgecombe County, North Carolina
Proprietary Funds - Water and Sewer Districts
Combining Statement of Fund Net Position - by District
June 30, 2021

Exhibit E-2

| | Water and Sewer District #1 | Water and Sewer District #2 | Water and Sewer District #3 | Water and Sewer District #4 | Water and Sewer District #5 | Water and Sewer District #6 | Water Districts Capital Projects Funds | Water and Sewer Operations Fund | Eliminations | Total |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--|---------------------------------------|-----------------|---------------|
| Operating Revenues | | | | | | | | | | |
| Charges for services | \$ 1,063,840 | \$ 1,026,318 | \$ 495,435 | \$ 238,020 | \$ 837,183 | \$ 710,204 | \$ - | \$ 4,371,000 | \$ (4,371,000) | \$ 4,371,000 |
| Water taps | 18,613 | 17,939 | 8,835 | 3,777 | 12,274 | 6,002 | - | 67,440 | (67,440) | 67,440 |
| Sewer taps | - | - | - | - | - | - | - | - | - | - |
| Administration fees | - | - | - | - | - | 2,400 | - | 2,400 | (2,400) | 2,400 |
| Other operating revenues | - | - | - | - | - | - | - | 13,320 | - | 13,320 |
| Total operating revenues | 1,082,453 | 1,044,257 | 504,270 | 241,797 | 849,457 | 718,606 | - | 4,454,160 | (4,440,840) | 4,454,160 |
| Operating Expenses | | | | | | | | | | |
| Salaries and employee benefits | 139,878 | 133,492 | 63,017 | 33,068 | 109,940 | 89,152 | - | 568,547 | (568,547) | 568,547 |
| Water purchases | 338,110 | 325,860 | 160,480 | 68,602 | 222,956 | 109,028 | - | 1,225,036 | (1,225,036) | 1,225,036 |
| Water and sewer operations | 431,389 | 158,363 | 70,592 | 36,121 | 132,840 | 103,215 | - | 932,520 | (932,520) | 932,520 |
| Sewer costs | 19,158 | 20,415 | - | 22,612 | 82,598 | 169,279 | - | 314,062 | (314,062) | 314,062 |
| Depreciation | 239,971 | 170,045 | 178,745 | 182,454 | 539,476 | 101,561 | - | 1,412,252 | (1,412,252) | 1,412,252 |
| Total operating expenses | 1,168,506 | 808,175 | 472,834 | 342,857 | 1,087,810 | 572,235 | - | 4,452,417 | (4,452,417) | 4,452,417 |
| Operating income (loss) | (86,053) | 236,082 | 31,436 | (101,060) | (238,353) | 146,371 | - | 1,743 | 11,577 | 1,743 |
| Non-Operating Revenues (Expenses) | | | | | | | | | | |
| Investment earnings | - | - | - | - | - | - | 21 | 26,471 | (21) | 26,471 |
| DOT Reimbursement | 281,092 | - | - | - | - | - | - | 281,092 | (281,092) | 281,092 |
| Miscellaneous Income | - | - | - | - | - | - | - | 21,943 | - | 21,943 |
| Interest expense | (78,963) | (120,375) | (37,667) | (108,810) | (170,798) | - | - | (543,046) | 516,613 | (543,046) |
| Total non-operating revenue (expense) | 202,129 | (120,375) | (37,667) | (108,810) | (170,798) | - | 21 | (213,540) | 235,500 | (213,540) |
| Income (loss) before transfers and capital contributions | 116,076 | 115,707 | (6,231) | (209,870) | (409,151) | 146,371 | 21 | (211,797) | 247,077 | (211,797) |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | - |
| Capital contributions | | | | | | | | | | |
| Federal and State grants | - | - | - | - | - | - | 1,675,061 | 1,675,061 | (1,675,061) | 1,675,061 |
| Change in net position | 116,076 | 115,707 | (6,231) | (209,870) | (409,151) | 146,371 | 1,675,082 | 1,463,264 | (1,427,984) | 1,463,264 |
| Total net position, beginning of year | 8,897,983 | 6,005,020 | 6,700,011 | 8,104,776 | 23,336,076 | 1,009,471 | (370,859) | 37,886,851 | (53,261,899) | 38,307,430 |
| Prior Period Adjustment (see Note V) | (4,283,175) | (3,697,639) | (1,335,430) | (3,550,759) | (6,545,653) | 1,343,492 | 780,488 | 11,407,869 | 5,340,306 | (540,501) |
| Total net position, beginning of year | 4,614,808 | 2,307,381 | 5,364,581 | 4,554,017 | 16,790,423 | 2,352,963 | 409,629 | 49,294,720 | (47,921,593) | 37,766,929 |
| Net position, end of year | \$ 4,730,884 | \$ 2,423,088 | \$ 5,358,350 | \$ 4,344,147 | \$ 16,381,272 | \$ 2,499,334 | \$ 2,084,711 | \$ 50,757,984 | \$ (49,349,577) | \$ 39,230,193 |

CUSTODIAL FUNDS

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

Motor Vehicle Tax Fund -This fund accounts for the proceeds of the motor vehicle taxes collected by the County on behalf of municipalities within the County.

Cooperative Extension and 4-H Fund -This fund accounts for the monies held in trust for the Cooperative Extension and 4-H programs within the County

Jail Inmate Trust Fund - This fund accounts for monies held by the Sheriff's Department for the benefit of inmates at the County's jail.

Edgecombe County, North Carolina
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

| | Municipal Tax Fund | Jail Inmate Trust Fund | Cooperative Extension Advisory | Totals June 30, 2021 |
|--|--------------------------|---------------------------|--------------------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 180,752 | \$ 75,908 | \$ 140,159 | \$396,819 |
| Taxes receivable for other governments, net | 300,533 | - | - | 300,533 |
| Total assets | <u>\$ 481,285</u> | <u>\$ 75,908</u> | <u>\$ 140,159</u> | <u>\$ 697,352</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 5,029 | \$ - | \$ 5,029 |
| Due to other governments | 180,752 | - | - | 180,752 |
| Total liabilities | <u>180,752</u> | <u>5,029</u> | <u>-</u> | <u>185,781</u> |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Individuals, organizations, | 300,533 | 70,879 | 140,159 | 511,571 |
| Total net position | <u>\$ 300,533</u> | <u>\$ 70,879</u> | <u>\$ 140,159</u> | <u>\$ 511,571</u> |

Edgecombe County, North Carolina
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ending June 30, 2021

| | Municipal Tax Fund | Jail Inmate Trust Fund | Cooperative Extension Advisory | Totals June 30, 2021 |
|---|--------------------------|---------------------------|--------------------------------------|----------------------------|
| ADDITIONS | | | | |
| Ad valorem taxes for other governments | \$ 2,108,388 | \$ - | \$ - | \$ 2,108,388 |
| Collections on behalf of inmates | - | 466,100 | - | 466,100 |
| Collections on behalf of other | - | - | 36,958 | 36,958 |
| Total additions | <u>\$ 2,108,388</u> | <u>\$ 466,100</u> | <u>\$ 36,958</u> | <u>\$ 2,611,446</u> |
| DEDUCTIONS | | | | |
| Tax distributions to other governments | \$ 2,128,110 | \$ - | \$ - | \$ 2,128,110 |
| Payments on behalf of inmates | - | 453,393 | - | 453,393 |
| Payments on behalf of other | - | - | 28,659 | 28,659 |
| Total deductions | <u>2,128,110</u> | <u>453,393</u> | <u>28,659</u> | <u>2,610,162</u> |
| Net increase (decrease) in fiduciary net | (19,722) | 12,707 | 8,299 | 1,284 |
| NET POSITION | | | | |
| Net Position, beginning, as previously reported | - | - | - | - |
| Prior Period Restatement - Change in Accounting Principle | <u>166,882</u> | <u>58,172</u> | <u>131,860</u> | <u>356,914</u> |
| Net Position, beginning, as restated | <u>166,882</u> | <u>58,172</u> | <u>131,860</u> | <u>356,914</u> |
| Net Position, ending | <u>\$ 147,160</u> | <u>\$ 70,879</u> | <u>\$ 140,159</u> | <u>\$ 358,198</u> |

DISCRETELY PRESENTED COMPONENT UNIT

This section provides supplementary information regarding the County's discretely presented component unit that does not issue separate financial statements

Edgecombe County Tourism Development Authority - This discretely presented governmental fund type component unit accounts for tourism development activities within the County.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
(A Discretely Presented Component Unit of Edgecombe County, North Carolina)
Supplemental Statement of Net Position
June 30, 2021

Assets

Current assets:

| | |
|-----------------------------|--------------|
| Cash and cash equivalents | \$ 183,987 |
| Due from primary government | <u>6,906</u> |

| | |
|--------------|----------------|
| Total assets | <u>190,893</u> |
|--------------|----------------|

Net Position

Restricted:

| | |
|--------------------------------|----------------|
| Stabilization by state statute | 6,906 |
| Tourism promotion | <u>183,987</u> |

| | |
|--------------------|--------------------------|
| Total net position | <u><u>\$ 190,893</u></u> |
|--------------------|--------------------------|

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
(A Discretely Presented Component Unit of Edgecombe County, North Carolina)
Supplemental Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|-----------------------------------|-----------|---|
| Governmental Activities: | | |
| Economic and physical development | \$ 72,610 | \$ (72,610) |
| General Revenues: | | |
| Occupancy taxes | | 80,205 |
| Miscellaneous | | 18,000 |
| Total general revenues | | 98,205 |
| Change in net position | | 25,595 |
| Net position, beginning of year | | 165,298 |
| Net position, end of year | | \$ 190,893 |

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
(A Discretely Presented Component Unit of Edgecombe County, North Carolina)
Supplemental Balance Sheet
June 30, 2021

Assets

| | |
|-----------------------------|--------------------------|
| Cash and cash equivalents | \$ 183,987 |
| Due from primary government | <u>6,906</u> |
| Total assets | <u><u>\$ 190,893</u></u> |

Fund Balances

Restricted:

| | |
|-------------------------------------|--------------------------|
| Stabilization by state statute | \$ 6,906 |
| Tourism promotion | <u>183,987</u> |
| Total fund balances | <u>190,893</u> |
| Total liabilities and fund balances | <u><u>\$ 190,893</u></u> |

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
 Edgecombe County Tourism Development Authority
 (A Discretely Presented Component Unit of Edgecombe County, North Carolina)
 Supplemental Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2021

Revenues

| | |
|-----------------|---------------|
| Occupancy taxes | \$ 80,205 |
| Miscellaneous | <u>18,000</u> |
| Total revenues | <u>98,205</u> |

Expenditures

| | |
|---------------------------------|--------------------------|
| Chamber of Commerce | 22,200 |
| Advertising and marketing | 45,946 |
| Other operating expenditures | <u>4,464</u> |
| Total expenditures | <u>72,610</u> |
| Net change in fund balance | 25,595 |
| Fund balance, beginning of year | <u>165,298</u> |
| Fund balance, end of year | <u><u>\$ 190,893</u></u> |

Note: This is a discretely presented component unit which does not prepare separate financial statements.

Edgecombe County, North Carolina
Edgecombe County Tourism Development Authority
(A Discretely Presented Component Unit of Edgecombe County, North Carolina)
Supplemental Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Positive (Negative) |
|------------------------------------|--------------------|--------------|------------|---|
| Revenues | | | | |
| Occupancy taxes | \$ 85,000 | \$ 85,000 | \$ 80,205 | \$ (4,795) |
| Miscellaneous | 5,200 | 5,200 | 18,000 | 12,800 |
| Total revenues | 90,200 | 90,200 | 98,205 | 8,005 |
| Expenditures | | | | |
| Chamber of Commerce | 22,200 | 22,200 | 22,200 | - |
| Advertising and marketing | 59,650 | 59,650 | 45,946 | 13,704 |
| Other operating expenditures | - | - | 4,464 | (4,464) |
| Total expenditures | 81,850 | 81,850 | 72,610 | 9,240 |
| Revenues over (under) expenditures | 8,350 | 8,350 | 25,595 | 17,245 |
| Fund balance appropriated | - | - | - | - |
| Net change in fund balance | \$ 8,350 | \$ 8,350 | 25,595 | \$ 17,245 |
| Fund balance, beginning of year | | | 165,298 | |
| Fund balance, end of year | | | \$ 190,893 | |

Note: This is a discretely presented component unit which does not prepare separate financial statements.

OTHER SCHEDULES

This schedule contains additional information required on property taxes and legal debt margin.

- Schedule of Ad Valorem Taxes Receivables
- Analysis of Current Tax Levy- County- Wide Levy
- Analysis of Current Tax Levy- Fire Districts
- County- Wide Levy - Secondary Market Disclosures
- County- Wide Levy - Top Ten Taxpayers
- Legal Debt Margin

Edgecombe County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2021

| Fiscal Year | Uncollected Balance June 30, 2020 | Additions | Collections and Credits | Uncollected Balance June 30, 2021 |
|--|---|---------------|----------------------------|---|
| 2020-2021 | \$ - | \$ 32,570,224 | \$ 31,363,281 | \$ 1,206,943 |
| 2019-2020 | 1,689,648 | 2,093 | 899,110 | 792,631 |
| 2018-2019 | 840,927 | 492 | 274,817 | 566,602 |
| 2017-2018 | 634,879 | 840 | 175,914 | 459,805 |
| 2016-2017 | 586,377 | 965 | 140,480 | 446,862 |
| 2015-2016 | 503,438 | 808 | 123,662 | 380,584 |
| 2014-2015 | 419,840 | 638 | 99,135 | 321,343 |
| 2013-2014 | 395,811 | 147 | 84,818 | 311,140 |
| 2012-2013 | 379,741 | - | 75,941 | 303,800 |
| 2011-2012 | 309,143 | - | 55,377 | 253,766 |
| 2010-2011 | 253,483 | 621 | 254,104 | - |
| Totals | \$ 6,013,287 | \$ 32,576,828 | \$ 33,546,639 | \$ 5,043,476 |
| Less allowance for uncollectible accounts | | | | (1,570,634) |
| Ad valorem taxes receivable, net | | | | \$ 3,472,842 |
| Reconcilement with revenues: | | | | |
| Ad valorem taxes - General Fund | | | | \$ 34,222,380 |
| Reconciling items: | | | | |
| Interest and penalties collected | | | | (684,690) |
| Refunds | | | | 33,390 |
| Animal tax collections | | | | (7,593) |
| Taxes written off - 10 Year Statute | | | | 207,890 |
| Prior years releases, adjustments, collection fees | | | | (227,397) |
| Total reconciling items | | | | (678,400) |
| Total collections and credits | | | | \$ 33,543,980 |

Edgecombe County, North Carolina
Analysis of Current Tax Levy - County-wide Levy
For the Year Ended June 30, 2021

| | County-wide | | | Total Levy | |
|---------------------------------------|--------------------------------|------|-----------------------------|--|----------------------------|
| | Property Valuation | Rate | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property taxed at current year's rate | \$ 3,173,677,263 | 0.95 | \$ 30,149,934 | \$ 26,011,132 | \$ 4,138,802 |
| Penalties | | | 69,041 | 69,041 | - |
| Total | <u>3,173,677,263</u> | | <u>30,218,975</u> | <u>26,080,173</u> | <u>4,138,802</u> |
| Discoveries: | | | | | |
| Current year taxes | 271,605,263 | 0.95 | 2,580,250 | 2,580,250 | - |
| Penalties | - | | 8,824 | 8,824 | - |
| Total | <u>271,605,263</u> | | <u>2,589,074</u> | <u>2,589,074</u> | <u>-</u> |
| Abatements: | | | | | |
| Current year taxes | <u>(25,034,211)</u> | 0.95 | <u>(237,825)</u> | <u>(216,743)</u> | <u>(21,082)</u> |
| Total | <u>(25,034,211)</u> | | <u>(237,825)</u> | <u>(216,743)</u> | <u>(21,082)</u> |
| Total property valuation | <u><u>\$ 3,420,248,316</u></u> | | | | |
| Net levy | | | 32,570,224 | 28,452,504 | 4,117,720 |
| Uncollected taxes at June 30, 2021 | | | <u>1,206,943</u> | <u>1,206,943</u> | <u>-</u> |
| Current year's taxes collected | | | <u><u>\$ 31,363,281</u></u> | <u><u>\$ 27,245,561</u></u> | <u><u>\$ 4,117,720</u></u> |
| Current levy collection percentage | | | <u><u>96.29%</u></u> | <u><u>95.76%</u></u> | <u><u>100.00%</u></u> |

Edgecombe County, North Carolina
Analysis of Current Tax Levy
Fire Districts
For the Year Ended June 30, 2021

| Fire Protection District | Original Levy | Accounts Receivable |
|-----------------------------------|--------------------------|--------------------------------|
| Harrison | \$ 76,301 | \$ 1,065 |
| Tri-County | 60,394 | 1,494 |
| Davenport | 35,498 | 1,783 |
| Heartsease | 235,336 | 3,264 |
| Princeville | 108,515 | 5,028 |
| Speed | 84,119 | 3,917 |
| South Edgecombe | 166,592 | 5,106 |
| Macclesfield | 61,454 | 993 |
| Leggett | 77,112 | 2,697 |
| West Edgecombe | 147,261 | 3,088 |
| Lewis | 69,943 | 1,731 |
| Conetoe | 133,896 | 4,063 |
| Sharp Point | 4,966 | 219 |
| Pintain | 8,546 | 493 |
| Total original levy | <u>\$ 1,269,933</u> | <u>\$ 34,941</u> |
| Less uncollected at June 30, 2021 | <u>34,941</u> | |
| Current Year's Taxes Collected | <u>\$ 1,234,992</u> | |
| Percent Current Year Collected | <u>97.24860%</u> | |

In addition to the County-wide rate, the table shown above lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2021.

Edgecombe County, North Carolina
 Analysis of Current Tax Levy
 County-Wide Levy
 Secondary Market Disclosures
 For the Year Ended June 30, 2021

| Secondary Market Disclosures: | <u>Levy</u> |
|---|----------------------|
| Assessed Valuation: | |
| Assessment ratio* | 100.00% |
| Real property | \$ 2,634,848,519 |
| Personal property | 521,630,403 |
| Discoveries / Abatements | 25,496,063 |
| Motor Vehicles | 393,186,190 |
| Public service companies** | 245,604,626 |
| Less tax exempt property | (400,517,485) |
| Total assessed valuation | 3,420,248,316 |
| Tax rate per \$100 | 0.95 |
| Tax levy (including discoveries, releases, and abatements)*** | \$ 32,492,359 |
| Interest and penalties | 77,865 |
| Net levy | \$ 32,570,224 |

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2021:

| | |
|---------------------------|----------------------------|
| Fire protection districts | <u><u>\$ 1,269,933</u></u> |
|---------------------------|----------------------------|

* Percentage of appraised value has been established by statute.

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

*** The levy does not includes interest and penalties.

Edgecombe County, North Carolina

Analysis of Current Tax Levy

County-Wide Levy

Ten Largest Taxpayers

For the Year Ended June 30, 2021

| Taxpayer | Assessed Valuation | Percent of Total Assessed Valuation |
|---|-------------------------------|--|
| QVC of Rocky Mount, Inc. | \$ 128,167,071 | 4.15% |
| KSLB Holdings (Formerly Hillshire Brands) | 81,705,512 | 2.65% |
| Piedmont Natural Gas Co Inc. | 80,417,402 | 2.61% |
| Carolina System Technology Inc | 69,474,698 | 2.25% |
| Edgecombe Genco, LLC | 36,884,054 | 1.19% |
| LS Cable & System USA Inc (Formerly Superior) | 36,089,798 | 1.17% |
| Dominion NC Power | 30,922,200 | 1.00% |
| Conetoe II Solar, LLC | 29,028,456 | 0.94% |
| Edgecombe Martin Co EMC | 27,833,105 | 0.90% |
| CSX Transportation | 23,672,831 | 0.77% |
| TOTAL | \$ 544,195,127 | 17.63% |
| Total Assessed Valuation | \$ 3,086,774,105 | 100.00% |

Edgecombe County, North Carolina

Computation of Legal Debt Margin

June 30, 2021

| | |
|--|------------------------------|
| Assessed value of taxable property | \$ 3,086,774,105 |
| Debt limit per G.S. 159-55 | <u>8.00%</u> |
| Total | <u>246,941,928</u> |
| Gross debt: | |
| Government Activities | |
| Limited obligation bonds | 3,185,000 |
| General obligation bonds | 3,977,000 |
| Installment purchases | 24,709,562 |
| Capital lease | 273,406 |
| Water & Sewer Funds | |
| Limited obligation bonds | 8,500,000 |
| General obligation bonds | 3,290,000 |
| Notes payable | 1,043,435 |
| Revenue Bonds | 1,651,000 |
| Solid Waste Fund | |
| Notes payable | <u>32,560</u> |
| Total gross debt | <u>46,661,963</u> |
| Less: Debt incurred for water activities | |
| Limited obligation bonds | (8,500,000) |
| General obligation bonds | (3,290,000) |
| Notes payable | (1,043,435) |
| Revenue Bonds | <u>(1,651,000)</u> |
| Total debt incurred for water activities | <u>(14,484,435)</u> |
| Total amount of debt applicable to debt limit (net debt) | <u>32,177,528</u> |
| Bonds authorized but unissued | (885,000) |
| Notes payable authorized but unissued | <u>(215,000)</u> |
| Legal debt margin | <u><u>\$ 213,664,400</u></u> |

COMPLIANCE SECTION



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

Independent Auditors' Report

To the Board of County Commissioners
Edgecombe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Edgecombe County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Edgecombe County basic financial statements, and have issued our report thereon dated June 13, 2022. Our report includes a reference to other auditors who audited the financial statements of the Edgecombe County ABC Board, as described in our report on the Edgecombe County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Edgecombe County ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

Members

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A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2021-001, 2021-002, 2021-004] to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs [2021-003, 2021-005] to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgecombe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items [2021-002, 2021-003, 2021-005].

Edgecombe County's Response to Findings

Edgecombe County's responses to the findings identified in our audit are described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 13, 2022



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

Independent Auditors' Report

To the Board of County Commissioners
Edgecombe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Edgecombe County, North Carolina's, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Edgecombe County's major federal programs for the year ended June 30, 2021. Edgecombe County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Members

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Opinion on Each Major Federal Program

In our opinion, Edgecombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2021-007, 2021-009, 2021-010]. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2021-006, 2021-007, 2021-008, 2021-009, 2021-010, 2021-011, 2021-012] that we consider to be significant deficiencies.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 13, 2022



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

Independent Auditors' Report

To the Board of County Commissioners
Edgecombe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Edgecombe County, North Carolina's, compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of Edgecombe County's major state programs for the year ended June 30, 2021. Edgecombe County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with State statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Edgecombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items [2021-009, 2021-010]. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items [2021-008, 2021-009, 2021-010, 2021-011, 2021-012] that we consider to be significant deficiencies.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
June 13, 2022

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material Weakness(es) identified? X yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Noncompliance material to financial statements noted yes X no

Federal Awards

Internal control over major federal programs:

- Material Weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

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

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

Identification of major federal programs:

| <u>CFDA Number</u> | <u>Names of Federal Program or Cluster</u> |
|--------------------|--|
| 21.019 | Coronavirus Relief Fund |
| 93.563 | Child Support Enforcement |
| 93.778 | Medical Assistance Program |
| 97.039 | Hazard Mitigation Grant Program |

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

Auditee qualified as low-risk auditee? yes X no

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

State Awards

Internal control over major State programs:

- Material Weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are
not considered to be material weaknesses X yes none reported

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

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

 X yes no

Identification of major State programs:

Program Name

Child Support Enforcement
Medical Assistance Program
Hazard Mitigation Grant Program
State Appropriation for Aging
Highway Construction Program
Public School Building Capital Fund - Lottery Proceeds

Section II. Financial Statement Findings

Finding 2021-001

Reconciliation of Records and Reporting

MATERIAL WEAKNESS

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and ensure the timeliness of financial reporting.

Condition: In reviewing records and testing certain account balances, we noted that several accounts were not reconciled and adjusted timely. The bank statements and subsidiary ledgers for receivables and payables were not reconciled to the ledger throughout the year, which resulted in significant adjustments that were posted over six months after year end. There were also variances between the general ledger postings and amounts recorded to grantor agencies.

Effect: The County's management and other users of the financial statements do not have accurate and timely information for decisions-making and monitoring of the county's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Cause: Availability of adequate number of personnel in the finance and administration departments caused delays in reconciling account information and preparing for the annual audit and preparation of the financial statements.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-001.

Recommendation: The County should evaluate the allocation of internal resources dedicated to financial reporting to ensure adequate resources are available for timely account reconciliations, year-end close and annual financial reporting purposes. Management should consult with outside accountants or auditors if additional assistance is required in order to prepare for the annual audit, determined appropriated accounting for complex transactions, or prepare the financial statements.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-002

Budget Violation / Unbalanced Budgets

MATERIAL WEAKNESS / NONCOMPLIANCE

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. G.S. 159-8(a) states that each local government shall operate under an annual balanced budget. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations.

Condition: The budget was not tracked appropriately in the accounting software used by the County, and budget amendments were not entered into the software correctly, thereby creating unbalanced budgets. The following funds presented unbalanced budgets: Economic Development and Housing Recovery Fund, Community Development Block Grant Fund, Hazard Mitigation Grant Program Fund (County Projects), and Water District Capital Projects Fund.

Effect: Moneys could be spent that had not been obligated and appropriated. If the Board uses budget to actual statements to make decisions on approving expenditures and the budget is not reflected correctly, they could be appropriating funds that were not available. Based on the budget provided, expenditures exceeded the amounts approved as follows: General Fund - General Government - Data Processing \$21,081; General Fund - General Government - BOE HAVA Grant \$69,286; General Fund - Education \$89,997; General Fund - Environmental Protection \$12,851; Fire Districts Fund \$212,217.

Cause: The County did not properly adopt and record budget amendments for the revenues and expenditures for those functions and funds.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-002.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Recommendation: The County should evaluate the allocation of internal resources dedicated to ensuring that the budget is reflected correctly in the financial reporting software. Multi-year project funds need to be evaluated and appropriate adjustments need to be approved and posted to correct both the budget and actual numbers reflected in the software to close out completed projects.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-003

Late Submission of Audit and Data Collection Form

SIGNIFICANT DEFICIENCY / NONCOMPLIANCE

Criteria: In accordance with 2 CFR § 200.512, the county is required to submit a single audit reporting package and data collection form to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. Additionally, the County is required to submit an audited set of financial statements to the LGC within 4 months after the end of the fiscal year.

Condition: OMB Memorandum M-20-21 extended 6-months beyond the normal due date for auditees to file their single audits with the Federal Audit Clearinghouse, which is September 30, 2021 for year ended June 30, 2020. The County did not submit the single audit reporting package and Data Collection Form for the year end June 30, 2020 until March 14, 2022. Additionally, the County failed to submit the 2021 audit report by the due date.

Effect: The Federal and State authorities did not get the information they needed concerning the audited financials timely.

Cause: The County has had significant turnover, and the audits have been submitted late over the past several years.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-005.

Recommendation: The County should ensure that all efforts are made to complete the audits timely.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-004

Prior Period Adjustments

MATERIAL WEAKNESS

Criteria: Management should have a system in place to verify that transactions are recorded in the correct fund, thereby reducing the likelihood of errors in financial reporting.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

Condition: The County has recorded prior period adjustments to properly allocate LOBS for prior year refundings to include cash to account for prior year payments that should have been allocated differently, as well as year end loan balances. The net affects of these adjustments decreased fund balance in the general fund by \$373,157, and decreased fund balance in the water and sewer fund by \$540,500. A net adjustment of \$67,742 was made to the Governmental Activities in the Statement of Net Position to correct beginning balances of governmental fixed asset balances. The County reflected an increase in the governmental activities premium of \$368,689, offset by a decrease in the LOBS long-term liability balance of \$1,021,600. The net of these adjustments resulted in an increase in governmental activities net position of \$347,496.

Effect: The presentation of the 2013 LOB refunding has been incorrect since inception of the loan, to include year end balances and annual principal and interest payments and amortization of premiums. The net effect across all funds was immaterial, but the allocations did not agree with the final numbers provided by the Bond Counsel.

Cause: The documents that were used to establish the original allocations were modified, so the final agreement provided by the Bond Counsel was not used for the allocations recorded in the statements.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-006.

Recommendation: The County should review the ledger and financial statements to ensure that the final bond documents are used to record refundings.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Finding 2021-005

Budget Violation

SIGNIFICANT DEFICIENCY / NONCOMPLIANCE

Criteria: GASB 84 identifies criteria when fiduciary activities should be reported as a special revenue fund. G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: County did not establish budgets for the three special revenue funds (Register of Deeds Trust, Fines and Forfeitures, and Representative Payee Fund) created as a result of the implementation of GASB 84.

Effect: Moneys were spent that had not been obligated and appropriated.

Cause: County oversight of the new accounting standard.

Recommendation: The finance office should review the General Statutes and GASB Pronouncements more carefully to ensure funds are properly authorized and are properly accounted for.

Views of responsible officials: The County agrees with this finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings

US Department of Treasury

Passed through the Office of State Budget and Management

Program Name: Coronavirus Relief Fund

CFDA # 21.019

Finding: 2021-006

Reconciliation of Records and Reporting

SIGNIFICANT DEFICENCY

REPORTING

Criteria: In accordance with Coronavirus Relief Fund grant agreement, N.C. Pandemic Recovery Office (NCPRO) requires that each subrecipient submit the Performance Report (Attachment C-1) and Financial Report (Attachment C-2) monthly to ensure the funds are being used to meet the subrecipient's goals and deliverables related to recovering from the Coronavirus pandemic and to allow NCPRO to verify that expenditures comply with federal and state requirements. Final Report (Attachment F) is required when the allotment is completed. Coronavirus Relief Fund Compliance Supplement requires that the reports should include all activity of the reporting period, and are supported by applicable accounting or performance records.

Condition: Total grant expenditure as of 6/30/2021 reported on all the Attachment C-1 did not agree to total grant expenditure reported on all the Attachment C-2 reports, and did not agree to the County General Ledger.

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

Context: We reviewed all 12 Attachment C-1 and 12 Attachment C-2 reports submitted to NCPRO for FY 21 expenditures, and determined that the total expenditure reported to NCPRO did not agree to the County General Ledger.

Effect: The County could lose track the use of the funds, and NCPRO could report inaccurate information to U.S. Treasury.

Cause: Lack of internal control to ensure compliance over federal awards.

Recommendation: Employees should be retrained on grant compliance requirements. Internal control procedures should be designed and implemented to ensure reconciliation of records.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings

US Department of Treasury

Passed through the Office of State Budget and Management
Program Name: Coronavirus Relief Fund
CFDA # 21.019

Finding: 2021-007

Subrecipient Monitoring

SIGNIFICANT DEFICENCY / NONCOMPLIANCE

SUBRECIPIENT MONITORING

Criteria: In accordance with 2 CFR sections 200.332(d) through (f), pass-through entity is required to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

Condition: County sent the subaward grant agreement to municipalities, but did not follow up on 4 out of 5 subrecipients' activities to ensure the use of funds.

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

Context: We reviewed all the subaward documentation and determined that the county as a pass-through entity did not have procedures in place to monitor subrecipients activities.

Effect: Subrecipient could use the grant fund on unallowed activities.

Cause: Lack of internal control to ensure subrecipient monitoring.

Recommendation: Employees should be retrained on grant compliance requirements. Internal control procedures should be designed and implemented to ensure subrecipient activities are monitored as required.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA # 93.778

Finding: 2021-008

IV-D Non-Cooperation

SIGNIFICANT DEFICENCY

ELIGIBILITY

Criteria: In accordance with the Medicaid Manual MA-3365, all Medicaid cases should be evaluated and referred to the Child Support Enforcement Agency (IV-D). The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determine Medicaid eligibility.

Condition: There were 5 errors discovered during our procedures that referrals between Department of Social Services (DSS) and Child Support Agencies were not made.

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

Context: We examined 60 cases from 20476 Medicaid applicants on the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to North Carolina Families Accessing Services through Technology (NC FAST) and a participant could have been approved for benefits for which they were not eligible.

Cause: Human error in reading the Automated Collection and Tracking System (ACTS) report and/or ineffective case review process.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-007.

Recommendation: Files should be reviewed internally to ensure proper information is in place and necessary procedures are taken when determine eligibility. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA # 93.778

Finding: 2021-009

Inaccurate Information Entry

SIGNIFICANT DEFICENCY/ NONCOMPLIANCE

ELIGIBILITY

Criteria: In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.

Condition: There were 15 errors discovered during our procedures that inaccurate information was entered when determining eligibility. Of these, one applicant received assistance after moved out of the State.

Questioned Costs: \$680. This amount was determined by totaling all the aid received by the applicant who was not eligible.

Context: We examined 60 cases from 20476 Medicaid applicants on the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

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

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-008.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA # 93.778

Finding: 2021-010

Inaccurate Resource Calculation

SIGNIFICANT DEFICENCY/ NONCOMPLIANCE

ELIGIBILITY

Criteria: In accordance with Medicaid Manual MA-2230, Medicaid for Aged, Blind and Disabled case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, the countable resources should be calculated correctly and agree back to the amounts in the NC FAST system. Any items discovered in the verification process should be considered countable or non-countable resources and explained within the documentation.

Condition: There were 8 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations. Of these, one applicant received assistance although the countable resources was above the State provided standard.

Questioned Costs: \$5,415. This amount was determined by totaling all the aid received by the applicant who was not eligible.

Context: We examined 60 cases from 20476 Medicaid applicants on the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2020-009.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings (continued)

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA # 93.778

Finding: 2021-011

Inadequate Request for Information

SIGNIFICANT DEFICENCY

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. Electronic matches are required at applications and redeterminations.

Condition: There were 15 errors discovered during our procedures that inadequate information was requested at applications and/or redeterminations.

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

Context: We examined 60 cases from 20476 Medicaid applicants on the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST which could affect countable resource. Therefore, applicants could have received assistance for which they were not eligible.

Cause: Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section III. Federal Award Findings (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

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

CFDA # 93.778

Finding: 2021-012

SSI Termination

SIGNIFICANT DEFICIENCY

ELIGIBILITY

Criteria: In accordance with the Medicaid Manual MA-3120, the State sends notification to the County when a participant is no longer eligible under Supplemental Security Income (SSI) determination, the County is required to initiate the ex parte review within 5 workdays of the date the termination appears on the SSI Termination Report, and complete the redetermination within 4 months of the month the case appears on the SSI Termination Report and notify the recipient about applicant's ongoing eligibility for Medicaid.

Condition: 2 applicant was not reviewed timely and determined to be eligible for Medicaid when their SSI benefits were terminated.

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

Context: We examined 60 cases from 20476 Medicaid applicants on the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to Medicaid administrative cost compliance audit.

Effect: The County did not initiate ex parte review timely, therefore, no eligibility review was completed in the required time period. The lack of follow up and certification lead to applicants receiving Medicaid benefits for which they were not eligible.

Cause: Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needed to conduct an application process. This information was not shared with other departments in DSS from which the recipient was also receiving benefits.

Recommendation: Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in case notes should clearly indicate what actions were performed and the results of those actions.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the corrective action plan for details.

Edgecombe County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section IV. State Award Findings

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

SIGNIFICANT DEFICENCY/ NONCOMPLIANCE: Finding 2021-008, 2021-009, 2021-010, 2021-011 and 2021-012 also apply to State requirements and State Awards.



Edgecombe County

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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding: 2021-001 Reconciliation of Records and Reporting

Name of contact person: Katherine Walters, Finance Director

Corrective Action: The County made investments to increase staff capacity and capabilities. Two new positions were added, and as of April 2022 the Finance Department is fully staffed. The County contracted with two experienced accounting professionals whose subject matter expertise has led to improved process and greater accuracy in the financial records and reporting.

Proposed Completion Date: Bank Reconciliations to be current by June 30, 2022. Preliminary trial balance for FY22 to be completed by August 31, 2022. FY22 audit to be completed by December 1, 2022.

Finding: 2021-002 Budget Violation / Unbalanced Budgets

Name of contact person: Katherine Walters, Finance Director

Corrective Action: The FY20 and FY21 audits were completed between January 2022 and May 2022 which did not provide sufficient time to resolve the Prior Finding 2020-002 before completion of the FY21 audit. Finance Department staff will analyze budget versus actual and recommend budget amendments prior to the end of the fiscal year to ensure expenditures are within approved appropriations. The County continues to have challenges with multi-year budgeting in the MUNIS software. During the FY21 audit, the majority of the multi-year funds were reconciled outside of MUNIS with correcting entries to be made before June 30, 2022.

Proposed Completion Date: FY 22 budget amendments for both annual and multi-year funds completed before June 30, 2022.

Finding: 2021-003 Late Submission of Audit and Data Collection Form

Name of contact person: Katherine Walters, Finance Director

Corrective Action: The FY20 and FY21 audits were completed between January 2022 and May 2022 which did not provide sufficient time to resolve the Prior Finding 2020-002 before completion of the FY21 audit. The Finance Department has expanded its capacity, as noted in the response to finding 2021-001, and streamlined processes, as noted in the response to finding 2021-002, and is well-positioned to complete the FY22 in a timely manner.

Proposed Completion Date: FY22 Audit to be completed by December 1, 2022.



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Corrective Action Plan For the Year Ended June 30, 2021

Section II - Financial Statement Findings (continued)

Finding: 2021-004

Prior Period Adjustment

Name of contact person: Katherine Williams, Finance Director and Eric Evans, County Manager

Corrective Action: All amortization schedules have been revised and reviewed by the County's independent financial advisor. As future bond issues occur, the County will consult with its financial advisors and/or auditors to ensure proper accounting and amortization of long-term debt.

Proposed Completion Date: FY2022 LOB transactions to be corrected by June 30, 2022.

Finding: 2021-005

Budget Violation

Name of contact person: Katherine Walters, Finance Director

Corrective Action: County has established the new funds in fiscal year 2022 with appropriate budgets. The FY23 budget includes budget amounts for the each of the funds.

Proposed Completion Date: June 30, 2022.

Section III - Federal Award Findings and Question Costs

Finding: 2021-006

Reconciliation of Records and Reporting

Name of contact person: Katherine Walters, Finance Director

Corrective Action: The County worked with NCPRO to have them review the expenses incurred by the Towns. All expenses were deemed allowable. The close out process was completed the Final Report submitted. See response to 2021-001 with respect to on-going processes.

Proposed Completion Date: Complete.

Finding: 2021-007

Subrecipient Monitoring

Name of contact person: Katherine Walters, Finance Director

Corrective Action: The County added a Grant Administrator/Accountant position who is establishing new processes to ensure timely monitoring of grants to include subrecipient activities.

Proposed Completion Date: June 30, 2022.



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Corrective Action Plan For the Year Ended June 30, 2021

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

Finding: 2021-008

IV-D Non-Cooperation

Name of contact person: Barbara Batts & Tina Radford/ Family & Children Medicaid Supervisors

Corrective Action: Barbara Batts & Tina Radford will retrain all Family & Children Medicaid staff on the importance of following MA-3365 Child Support in making referrals to Child Support to avoid issuing benefits to ineligible participants. IV-D referrals will be keyed into NCFAS for every eligible case. A DSS-8194 will be scanned into NCFAS to verify that an IV-D referral has been keyed and sent to Child Support. Child Support referrals will be made on all cases in error and case notes documented in NCFAS. To prevent recurring errors in the future, caseworkers will check their work by a checklist that includes everything that should be included in their case. Supervisors and Quality Control staff will review a monthly sample of cases to ensure proper information is in place and necessary procedures are taken when determining eligibility.

Proposed Completion Date: Training and corrections will be completed by April 15, 2022. Case record reviews are currently being conducted and will be ongoing.

Finding: 2021-009

Inaccurate Information Entry

Name of contact person: Barbara Batts, Tina Radford, Virginia Ewuell, & Angel Joyner/Medicaid Supervisors

Corrective Action: Files will be reviewed internally by Medicaid Supervisors and Quality Control workers to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. The workers have also been provided a checklist that includes everything that should be included in a case. All files will include online verifications, documented resources of income and those amounts will match information in NCFAS. The workers have been provided an automated budget that will be completed and compared to the information in NCFAS. The results found or documentation made in case notes will clearly indicate what actions were performed and the results of those actions. Workers have been provided a documentation template to use for each case.

Proposed Completion Date: Training and corrections will be completed by April 15, 2022. Case record reviews are currently being conducted and will be ongoing.



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Corrective Action Plan For the Year Ended June 30, 2021

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

Finding: 2021-010 Inaccurate Resource Calculation

Name of contact person: Barbara Batts, Tina Radford, Virginia Ewuell, & Angel Joyner/Medicaid Supervisors

Corrective Action: Files will be reviewed internally by Medicaid Supervisors and Quality Control workers to ensure proper documentation is in place for eligibility. Workers will be retrained on what files should contain and the importance of complete and accurate record keeping. The workers have also been provided a checklist that includes everything that should be included in a case. All files will include online verifications, documented resources of income and those amounts will match information in NCFAS. The workers have been provided an automated budget that will be completed and compared to the information in NCFAS. The results found or documentation made in case notes will clearly indicate what actions were performed and the results of those actions. Workers have been provided a documentation template to use for each case.

Proposed Completion Date: Training and corrections will be completed by April 15, 2022. Case record reviews are currently being conducted and will be ongoing.

Finding: 2021-011 Inadequate Request for Information

Name of contact person: Barbara Batts, Tina Radford, Virginia Ewuell, & Angel Joyner/Medicaid Supervisors

Corrective Action: Files will be reviewed internally by the Medicaid Supervisors and Quality Control workers to ensure that the proper requests are made for information needed. Workers have been given a checklist that included everything that is needed for a case to be dispositioned. This checklist should eliminate the inadequate request for information. Case notes will be documented using a narrative template that will include everything that should be requested for a case.

Proposed Completion Date: Training and corrections will be completed by April 15, 2022. Case record reviews are currently being conducted and will be ongoing.



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Corrective Action Plan For the Year Ended June 30, 2021

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

Finding: 2021-012 SSI Termination

Name of contact person: Virginia Ewuell, & Angel Joyner/Adult Medicaid Supervisors

Corrective Action: Pending recertifications report will be reviewed internally by the Medicaid Supervisors monthly. Caseworkers will review my case reviews report to ensure that all cases are reviewed timely. This will ensure that all cases are reviewed timely and properly to avoid benefits not being issued to applicants that are eligible.

Proposed Completion Date: Training and corrections will be completed by April 15, 2022. Case record reviews are currently being conducted and will be ongoing.

Section IV - State Award Findings and Question Costs

Corrective actions for finding 2021-008, 2021-009, 2021-010, 2021-011 and 2021-012 also apply to the State Award findings.

Edgecombe County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

| | |
|----------|---|
| 2020-001 | Reconciliation of Records and Reporting |
| Status | Repeated as finding 2021-001 |
| 2020-002 | Budget Violation / Unbalanced Budgets |
| Status | Repeated as finding 2021-002 |
| 2020-003 | Self-Insurance Reserves |
| Status | Corrected. |
| 2020-004 | Bond Covenant Compliance |
| Status | Corrected. |
| 2020-005 | Late Submission of Audit and Data Collection Form |
| Status | Repeated as finding 2021-003 |
| 2020-006 | Prior Period Adjustments |
| Status | Repeated as finding 2021-004 |
| 2020-007 | IV-D Non-Cooperation |
| Status | Repeated as finding 2021-008 |
| 2020-008 | Inaccurate Information Entry |
| Status | Repeated as finding 2021-009 |
| 2020-009 | Inaccurate Resource Calculation |
| Status | Repeated as finding 2021-010 |
| 2020-010 | Cash Management |
| Status | Corrected |

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

| Grantor/Pass-through Grantor/Program Title | Federal AL#/ CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|---|-----------------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| Federal Awards: | | | | | | |
| <u>U.S. Dept. of Agriculture</u> | | | | | | |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Public Health: | | | | | | |
| Administration: | | | | | | |
| Special Supplemental Nutrition Program for Women, Infants, & Children | 10.557 | | \$ 319,147 | \$ - | \$ - | \$ - |
| Division of Social Services: | | | | | | |
| Administration: | | | | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | | 710,200 | - | - | 671,374 |
| Passed-through N.C. Department of Agriculture and Consumer Services | | | | | | |
| Water and Waste Disposal Systems for Rural Communities | 10.760 | | 784,284 | - | - | - |
| Total U.S. Department of Agriculture | | | 1,813,631 | - | - | 671,374 |
| <u>U.S. Dept. of Justice</u> | | | | | | |
| Passed-through N.C. Department of Public Safety | | | | | | |
| Governor's Crime Commission | 16.034 | RCT000 | 23,231 | - | - | - |
| Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis | 16.001 | | 17,232 | - | - | - |
| Total U.S. Dept. of Justice | | | 40,463 | - | - | - |
| <u>U.S. Dept. of Treasury</u> | | | | | | |
| Passed-through the Office of State Budget and Management: | | | | | | |
| NC Pandemic Recovery Office | | | | | | |
| Coronavirus Relief Fund | 21.019 | | 1,976,094 | - | 493,000 | - |
| Passed-through N.C. Dept of Health and Human Services | | | | | | |
| Division of Public Health | | | | | | |
| Coronavirus Relief Fund | 21.019 | | 86,078 | - | - | - |
| Passed-through N.C. Dept of Public Safety | | | | | | |
| Coronavirus Relief Fund | 21.019 | AWD-000 | 2,763 | - | - | - |
| Total Coronavirus Relief Fund | | | 2,064,935 | - | 493,000 | - |
| Total U.S. Dept. of Treasury | | | 2,064,935 | - | 493,000 | - |
| <u>U.S. Election Assistance Commission</u> | | | | | | |
| Passed-through N.C. State Board of Elections | | | | | | |
| COVID-19 - HAVA Election Security Grants | 90.404 | | 76,326 | - | - | - |
| HAVA Election Security Grants | 90.404 | | 69,286 | - | - | - |
| Total HAVA Election Security Grants | | | 145,612 | - | - | - |
| <u>U.S. Dept. of Health & Human Services</u> | | | | | | |
| Passed-through Eastern Carolina Council of Governments: | | | | | | |
| Division of Aging and Adult Services: | | | | | | |
| <u>Aging Cluster:</u> | | | | | | |
| Special Programs for the Aging - Title III B | | | | | | |
| Grants for Supportive Services and Senior Centers | 93.044 | | 118,046 | 6,944 | - | - |
| Special Programs for the Aging - Title III C | | | | | | |
| Nutrition Services | 93.045 | | 74,673 | 4,393 | - | - |
| Nutrition Services Incentive Program | 93.053 | | 22,726 | - | - | - |
| Total Aging Cluster | | | 215,445 | 11,337 | - | - |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Social Services: | | | | | | |
| Temporary Assistance for Needy Families Cluster | | | | | | |
| TANF - Work First | 93.558 | | 1,066,808 | - | - | 1,083,998 |
| Division of Public Health | | | | | | |
| TANF - Work First | 93.558 | | 19,616 | - | - | - |
| Total TANF Cluster | | | 1,086,424 | - | - | 1,083,998 |

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

| Grantor/Pass-through Grantor/Program Title | Federal AL#/ CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|--|-----------------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| <u>Foster Care and Adoption Cluster (Note 4)</u> | | | | | | |
| Foster Care - Title IV-E | 93.658 | | 424,140 | 93,866 | - | 242,833 |
| Foster Care | N/A | | 89,790 | - | - | - |
| Adoption Assistance | 93.659 | | 11,831 | - | - | 11,831 |
| Total Foster Care and Adoption Cluster (Note 4) | | | <u>525,761</u> | <u>93,866</u> | <u>-</u> | <u>254,664</u> |
| Child Support Enforcement | 93.563 | | 1,202,502 | 921 | - | 618,550 |
| Refugee Assistance Admin | 93.566 | | 736 | - | - | - |
| Family Preservation | 93.556 | | 2,040 | - | - | - |
| Low-Income Home Energy Assistance: | | | | | | |
| Administration | 93.568 | | 86,291 | - | - | - |
| Energy Assistance Payments | 93.568 | | 497,750 | - | - | - |
| Crisis Intervention Program | 93.568 | | 415,032 | - | - | - |
| COVID 19 - LIEAP | 93.568 | | 257,600 | - | - | - |
| COVID 19 - LIEAP Admin | 93.568 | | 6,393 | - | - | - |
| Total Low-Income Home Energy Assistance | | | <u>1,263,066</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Stephanie Tubbs Jones Child Welfare Services Program: - Permanency Planning - Families for Kids | 93.645 | | 13,349 | - | - | 4,450 |
| Chafee Foster Care Independence Program | 93.674 | | 10,605 | 2,651 | - | - |
| SSBG - Other Service and Training | 93.667 | | 246,863 | - | - | 82,287 |
| Division of Aging and Adult Services: | | | | | | |
| Division of Social Services: | | | | | | |
| SSBG - Adult Protective Service | 93.667 | | 22,387 | 8,645 | - | 7,051 |
| SSBG - State In Home Service Fund | 93.667 | | 5,148 | - | - | 735 |
| SSBG - SP Child Adoption Incentive Fund | 93.667 | | - | - | - | - |
| SSBG - CPS TANF TO SSBG | 93.667 | | - | 460 | - | (460) |
| Total Social Service Block Grant | | | <u>274,398</u> | <u>9,105</u> | <u>-</u> | <u>89,613</u> |
| Division of Child Development and Early Education: | | | | | | |
| Subsidized Child Care | | | | | | |
| <u>Child Care Development Fund Cluster:</u> | | | | | | |
| Division of Social Services: | | | | | | |
| Child Care Development Fund-Administration | 93.596 | | 87,635 | - | - | - |
| Total Subsidized Child Care | | | <u>87,635</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Medical Assistance Program | 93.778 | | 2,196,066 | 11,569 | - | 832,611 |
| Division of Social Services: | | | | | | |
| Administration: | | | | | | |
| State Children's Insurance Program - N.C. Health Choice | 93.767 | | 40,106 | 479 | - | 7,633 |
| Passed-through the N.C. Dept. of Health and Human Services: | | | | | | |
| Division of Public Health: | | | | | | |
| Public Health Emergency Preparedness | 93.069 | | 27,185 | - | - | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Program | 93.116 | | 18,898 | - | - | - |
| Family Planning Services | 93.217 | | 53,723 | - | - | - |
| Immunization Grants | 93.268 | | 29,842 | - | - | - |
| COVID 19 - Immunization Grants | 93.268 | | 202,807 | - | - | - |
| Total Immunization Grants | | | <u>232,649</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Teenage Pregnancy Prevention Program | 93.297 | | 29,461 | - | - | - |
| Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | | 175,915 | - | - | - |
| COVID 10 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | | 29,309 | - | - | - |
| Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | | | <u>205,224</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

| Grantor/Pass-through Grantor/Program Title | Federal AL#/ CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|---|-----------------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | | 10,726 | - | - | - |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 93.898 | | 1,625 | - | - | - |
| Healthy Start Initiative | 93.926 | | 59,684 | - | - | - |
| Preventive Health and Health Services Block Grant | 93.991 | | 25,765 | - | - | - |
| Maternal and Child Health Services Block Grant | 93.994 | | 119,719 | 21,264 | - | - |
| Total U.S. Dept. of Health and Human Services | | | 7,702,792 | 151,192 | - | 2,891,519 |
| U. S. Department of Homeland Security | | | | | | |
| Passed-through N.C. Dept. of Public Safety: | | | | | | |
| Division of Emergency Management: | | | | | | |
| Hazard Mitigation Grant Program | 97.039 | 4285-031-R | 84,062 | 28,021 | - | - |
| Hazard Mitigation Grant Program | 97.039 | 4285-070-R | 374,249 | 124,750 | - | - |
| Total Hazard Mitigation Grant Program | | | 458,311 | 152,771 | - | - |
| Emergency Management Performance | 97.042 | EMPG-2020 | 39,378 | - | - | - |
| COVID-19 Emergency Management Performance Grant Program Supplemental | 97.042 | EMA-2020-EP- | 12,695 | - | - | - |
| Total Emergency Management Performance | | 00016 | 52,073 | - | - | - |
| Homeland Security Grant Program | 97.067 | EMW-20400 | 62,426 | - | - | - |
| Total U. S. Department of Homeland Security | | | 572,810 | 152,771 | - | - |
| Total Federal Awards | | | \$ 12,340,243 | \$ 303,963 | \$ 493,000 | \$ 3,562,893 |
| State Awards: | | | | | | |
| N.C. Dept. of Administration | | | | | | |
| Veterans Service | | | - | 2,084 | - | - |
| Total N.C. Dept. of Administration | | | - | 2,084 | - | - |
| N.C. Department of Commerce | | | | | | |
| Industrial Development Fund | | | - | 32,226 | - | - |
| Total N.C. Department of Commerce | | | - | 32,226 | - | - |
| N.C. Department of Environmental Quality | | | | | | |
| Division of Waste Management | | | | | | |
| Electronic Management Program | | | - | 362 | - | - |
| Total N.C. Dept. Environmental Quality | | | - | 362 | - | - |
| N.C. Department of Agriculture and Consumer Services | | | | | | |
| Stream Debris Removal Project | | | - | 75,654 | - | - |
| Total N.C. Department of Agriculture and Consumer Services | | | - | 75,654 | - | - |
| Golden LEAF Foundation | | | | | | |
| Passed through Carolinas Gateway Partnership: | | | | | | |
| Golden LEAF - Kingsboro Mega-Site Infrastructure Project | | | - | 34,890 | - | - |
| Total N.C. Department of Agriculture and Consumer Services | | | - | 34,890 | - | - |
| N.C. Housing Finance Agency | | | | | | |
| Urgent Repair Program | | URP1905 | - | 69,073 | - | - |
| Total N.C. Housing Finance Agency | | | - | 69,073 | - | - |
| N.C. Dept. of Health and Human Services | | | | | | |
| Passed-through Eastern Carolina Council of Governments: | | | | | | |
| Division of Aging and Adult Services | | | | | | |
| State Appropriation - Access | | | - | 11,154 | - | - |
| State Appropriation - In-Home Services | | | - | 204,913 | - | - |
| State Appropriation - Home Delivered Meals | | | - | 73,208 | - | - |
| Total Division of Aging and Adult Services | | | - | 289,275 | - | - |

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

| Grantor/Pass-through Grantor/Program Title | Federal AL#/ CFDA Number | State/ Pass-through Grantor's Number | Federal (Direct & Pass-through) Expenditures | State Expenditures | Provided to Subrecipients | Local Expenditures |
|---|-----------------------------------|---|---|-----------------------|---------------------------------|-----------------------|
| Division of Social Services | | | | | | |
| ST Child Welfare/CPS/CS LD | | | - | 92,990 | - | - |
| COVID 19 - APS/CPS Care | | | - | 47,267 | - | - |
| County Funded Programs | | | - | - | - | 814,337 |
| Energy Assistance | | | - | 4,918 | - | - |
| Non-Allocating Reimbursable | | | - | - | - | 80,122 |
| LINKS/CHAFEE/NR-LINKS | | | - | - | - | 5,620 |
| SFHF Maximization | | | - | 11,935 | - | 11,935 |
| State Foster Home | | | - | 2,600 | - | 2,600 |
| Extended FC>20 Stipend | | | - | 3,300 | - | - |
| COVID 19 - FC Stipend | | | - | 7,600 | - | - |
| Total Division of Social Service | | | - | 170,610 | - | 914,614 |
| Division of Public Health | | | | | | |
| Aid-to -Counties | | | - | 149,575 | - | - |
| Public Health Nursing | | | - | 400 | - | - |
| General Communicable Disease Control | | | - | 7,367 | - | - |
| Child Health | | | - | 12,743 | - | - |
| Evidence - Based Intervention Services | | | - | 84,176 | - | - |
| Healthy Community Activities | | | - | 3,747 | - | - |
| STD Drugs | | | - | 32 | - | - |
| Breast and Cervical Cancer Control | | | - | 325 | - | - |
| School Nursing Funding Initiative | | | - | 188,183 | - | - |
| Family Planning - State | | | - | 85,427 | - | - |
| Maternal Health | | | - | 59,199 | - | - |
| Women's Health Service Fund | | | - | 7,778 | - | - |
| TB Control | | | - | 7,728 | - | - |
| Total Division of Public Health | | | - | 606,680 | - | - |
| Total N. C. Department of Health and Human Services | | | - | 1,066,565 | - | 914,614 |
| <u>N.C. State Board of Elections</u> | | | | | | |
| One-Stop Worker Bonus Fund | | | - | 9,017 | - | - |
| Total N.C. State Board of Elections | | | - | 9,017 | - | - |
| <u>N.C. Dept. of Public Safety</u> | | | | | | |
| Juvenile Crime Prevention Programs | | JCPCFUNDS | - | 253,526 | - | - |
| Total N. C. Department of Public Safety | | | - | 253,526 | - | - |
| <u>N.C. Dept. of Transportation</u> | | | | | | |
| Rural Operating Assistance Program (ROAP) Cluster | | | | | | |
| ROAP - Elderly and Disabled Transportation Assistance Program | | 36220.10.9.1 | - | 12,186 | - | - |
| Total ROAP Cluster | | | - | 12,186 | - | - |
| Highway Construction Program | | 47802.2.1 | - | 333,156 | - | - |
| Total N.C. Dept. of Transportation | | | - | 345,342 | - | - |
| <u>N.C. Department of Public Instruction</u> | | | | | | |
| Public School Bulding Capital Fund - Lottery Proceeds | | | - | 359,342 | 359,342 | - |
| Total N.C. Department of Public Instruction | | | - | 359,342 | 359,342 | - |
| Total State Awards | | | \$ - | \$ 2,248,081 | \$ 359,342 | \$ 914,614 |
| Total Federal and State Awards | | | \$ 12,340,243 | \$ 2,552,044 | \$ 852,342 | \$ 4,477,507 |

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Edgecombe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Edgecombe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Edgecombe County.

Edgecombe County, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2021

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

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

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

| Program Title | CFDA No. | Federal | State |
|--|----------|-------------|------------|
| Supplemental Nutrition Assistance Program | 10.551 | 38,042,967 | - |
| Special Supplemental Nutrition Program for Women Infant and Children | 10.557 | 875,103 | - |
| Medical Assistance Program | 93.778 | 106,441,288 | 41,864,461 |
| Children's Health Insurance Program | 93.767 | 1,025,815 | 124,644 |
| IV-E Adopt & Vendor | 93.659 | 357,781 | 65,003 |
| TANF Payments & Penalties | 93.558 | 355,842 | - |
| CWS Adopt, Vendor, Guard | N/A | - | 165,595 |
| SAA/SAD HB 1030 | N/A | - | 273,464 |
| SC/SA Domiciliary Care | N/A | - | 427,345 |