

REVIEWED

By SLGFD at 3:23 pm, Dec 22, 2021

PASQUOTANK COUNTY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT
SHERI SMALL, FINANCE OFFICER

PASQUOTANK COUNTY, NORTH CAROLINA

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June 30, 2021

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INTRODUCTORY SECTION

COMMISSIONERS

Lloyd E. Griffin, III, Chairman
Charles Jordan, Vice-Chairman
Cecil Perry
Sean Lavin
Barry Overman
William "Bill" Sterritt
Jonathan Meads



PASQUOTANK
COUNTY·NC

COUNTY MANAGER
Sparty Hammett

COUNTY ATTORNEY
R. Michael Cox

CLERK TO THE BOARD
Lynn B. Scott

The Board of County Commissioners
Pasquotank County, North Carolina

November 22, 2021

We are pleased to present the annual comprehensive financial report (ACFR) of Pasquotank County for the fiscal year ended June 30, 2021. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Thompson, Price, Scott, Adams & Co. P.A. and that firm's unmodified opinion is included in the financial section of this report. The County Finance Office; however, has prepared the report, and is responsible for the accuracy of the data and for the completeness and fairness of its presentation, including all disclosures. We believe that the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Pasquotank County's MD&A can be found immediately following the report of independent auditors.

The financial reporting entity includes all of the funds of the primary government (Pasquotank County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. Albemarle Hospital Authority and Elizabeth City-Pasquotank County Tourism Development Authority are reported as discretely presented component units.

Albemarle Hospital Authority is reported in the financial statements in a manner similar to a proprietary fund. The Elizabeth City-Pasquotank County Tourism Development Authority is reported in the financial statements in a manner similar to a governmental fund. The Pasquotank County Industrial Facilities and Pollution Control Financing Authority is also a component unit of Pasquotank County; however, this authority has no financial transactions or account balances and therefore is not reported in the financial statements.

Description of the County

Pasquotank County is located in the northeastern section of North Carolina and is bordered on three sides by water: the Pasquotank River to the east, the Albemarle Sound to the south, and the Little River to the west. The City of Elizabeth City is the County seat and is centrally located within the County. Pasquotank Precinct was created in 1672 from Albemarle County, the original County of North Carolina. Pasquotank Precinct was named for a tribe of Native Americans who inhabited the area. Pasquotank Precinct became a County in 1738 and is one of the four oldest counties in North Carolina. In 1793, the General Assembly authorized a town at the narrows of the Pasquotank River to be known as Redding which later changed its name to Elizabeth City. The County is known for being the site of many first events in the state. In 1660, the first known land deed in North Carolina was executed and is preserved in the Pasquotank County Courthouse; in 1665, the first Grand Assembly (the precursor to today's General Legislative Assembly) in North Carolina convened in the County; the Culpepper Rebellion, the first armed revolt against England occurred in 1677; and the first public school in North Carolina was established in the County in 1705. Pasquotank County has a land area of 229 square miles and a population of 39,953.

The County has a commissioner/manager form of government. The seven members of the Board of Commissioners are elected from a combination of districts and at-large on a partisan basis and serve staggered four-year terms. The Board of Commissioners is the policy-making and legislative authority for the County. They are also responsible for adopting a budget and appointing a County manager. The manager is responsible for implementing policies, managing daily operations, and appointing County employees. The County provides its citizens with a wide range of services that include public safety, human services, solid waste services, cultural and recreational activities, general government, and others. This report includes all of the County's activities in maintaining these services. The County also provides financial support to other boards and agencies to assist them in providing services to the citizens. Among these are the Elizabeth City-Pasquotank County Board of Education, College of the Albemarle, Albemarle Regional Health Services, Albemarle Commission, and Trillium Health Resources.

Economic Conditions and Outlook

The economy of Pasquotank County remained about the same over the past year. The local unemployment rate was 5.4%, the state unemployment rate was 4.6% and the national rate was 5.9% at the end of fiscal year 2021. Major industries in Pasquotank County include Sentara Albemarle Medical Center, Hoffer Flow Controls, Inc., TCOM, J.W. Jones Lumber Company, and Universal Forest Products. The largest employers in Pasquotank County; however, continue to be government facilities such as the U.S. Coast Guard, the Elizabeth City-Pasquotank County Public School System, the Pasquotank Correctional Institute, Elizabeth City State University, College of the Albemarle, Pasquotank County, and Elizabeth City. Pasquotank County continues to have a diversified employment base, although it is somewhat dominated by governmental jobs.

Pasquotank County approved 12 new residential lots during the 2020-21 year. The total number of new home permits issued in the County were 53. Permits for new modular and manufactured homes issued in the County were 32.

Pasquotank County issued 9 commercial construction permits during this period consisting mainly of additions and renovations to existing buildings.

Major Initiatives

The Board approved the purchase of a portion of the South Mills Water System located in the northern part of the County for approximately \$1.4 million. This will add approximately 1,000 customers to the reverse osmosis system.

Coronavirus Relief Funds in the amount of \$1,670,852 were received. A portion of these funds, \$1,220,852, were used for public safety salaries and the remainder, \$450,000, was transferred to the City of Elizabeth City.

The Board approved the sale of the former Elizabeth City Middle School to J.D. Lewis Construction Management, Inc. Plans are to convert the property to approximately 84 market rate apartments.

The County began the revaluation process for all real property, which will be effective January 1, 2022.

Body cameras were purchased for the Sheriff's Office deputies.

The Board approved funds to renovate the Soundneck Volunteer Fire Department to locate an ambulance in the facility for 24-hour service to improve response time to the southern part of the county.

The Board approved an option to purchase approximately 50 acres in the northern part of the county for a park and future public safety complex.

Financial Information

Accounting

The annual budget which is adopted by the County Board of Commissioners is an integral part of the County's accounting system and daily operations. The budget ordinance creates a legal limit on spending authorizations. The County's accounting records for general governmental operations are maintained on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when fund liabilities have occurred. Enterprise funds are reported on the full accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred. Adherence to generally accepted accounting principals is maintained with a concerted effort to follow the accounting and financial reporting guidelines of the Government Finance Officers Association of the United States and Canada (GFOA) and the Governmental Accounting Standards Board (GASB).

Internal Control

County management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding (1) safeguarding of assets against loss from unauthorized use or disposition; (2) reliability of financial records for preparing financial statements in conformity with generally accepted accounting principals and maintaining accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of controls should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the County's single audit, the independent auditor performed a review of the County's internal control structure. The procedures performed by the independent auditor did not indicate any material internal control weaknesses or reportable conditions.

Long-term Financial Planning

In June of 2021, the County finalized an interest rate reduction on the 2009 Water Revenue Bonds from 2.99% to 2.02%.

Other Information

Independent Audit

Pasquotank County is required by state law (G.S. 159-34) to have an annual independent financial audit. A compliance audit on federal and state financial assistance programs is also required under the Federal Single Audit Act of 1984 and the State Single Audit Implementation Act. The County's auditor, Thompson, Price, Scott, Adams & Co. P.A. was selected through a formal request for proposals process. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports required as part of a single audit are found in the compliance section of this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Pasquotank County for its comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-second year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report would not have been possible without the dedicated efforts of the Finance Department staff. We also thank the members of the Board of County Commissioners for their continued support during the past year.

Respectfully submitted,



Sparty Hammett
County Manager



Sheri Small
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pasquotank County
North Carolina**

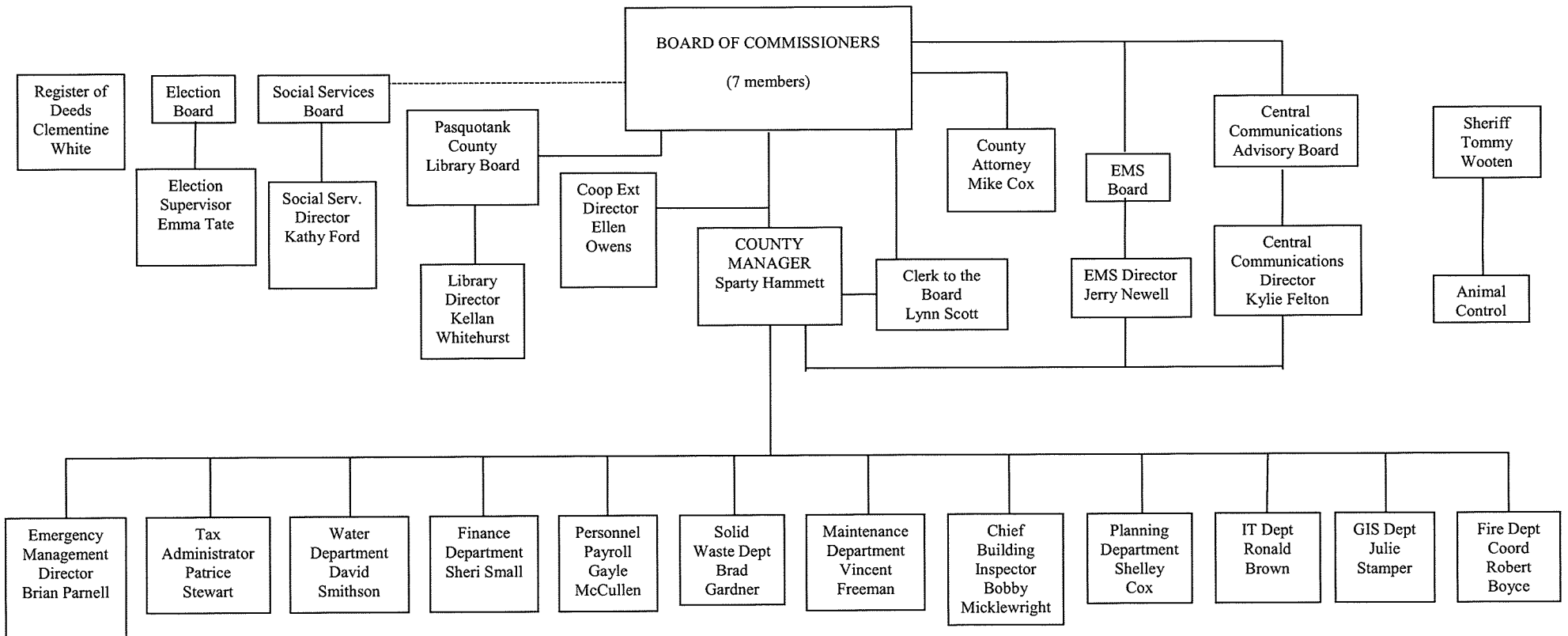
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**PASQUOTANK COUNTY GOVERNMENT
FY 2020-21**



PASQUOTANK COUNTY, NORTH CAROLINA

**PRINCIPAL OFFICIALS
JUNE 30, 2021**

BOARD OF COMMISSIONERS

Lloyd E. Griffin, III, Chairman

Charles Jordan, Vice-Chairman

Jonathan Meads

Barry Overman

William "Bill" Sterritt

Cecil Perry

Sean Lavin

Lynn Scott, Clerk to the Board

R. Michael Cox, County Attorney

Office of the County Manager

Sparty Hammett, County Manager

Tommy S. Wooten, II, Sheriff

Kathy Ford, Director,

Department of Social Services

David Smithson, Supervisor, Water Department

Brian Parnell,

Emergency Management Coordinator

Gerald E. Newell, Director,

Emergency Medical Services

Clementine White, Register of Deeds

Ellen Owens, Director, Agricultural

Extension Service

Kylie Felton, Central Communications

Director

Patrice Stewart, Tax Administrator

Gayle McCullen, Human Resources Director

Sheri Small, Finance Officer

Ronald Brown, IT Manager

Bobby Micklewright, Building Inspector

Emma Tate, Election Supervisor

Shelley Cox, County Planner

Vincent Freeman, Maintenance Supervisor

Kellen Whitehurst, Librarian,

Pasquotank County Library

Brad Gardner, Solid Waste Director

Robert Boyce, Fire Department

Coordinator

FINANCIAL SECTION



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

Independent Auditor's Report

To the Board of County Commissioners
Pasquotank County
Elizabeth City, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Albemarle Hospital Authority which represent 0% of the assets, 0% net position, and 12.2% revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Albemarle Hospital Authority is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Albemarle Hospital Authority and EC-PC Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Pasquotank 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 Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, schedules of the Changes in Total Pension Liability and Total Pension Liability as a percentage of covered payroll, Other Postemployment Benefits' Schedules of changes in the Total OPEB Liability and related ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and County Contributions and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions 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 Pasquotank County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and

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

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of Pasquotank County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Pasquotank County's internal control over financial reporting and compliance.

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

Wilmington, North Carolina

November 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pasquotank County (the "County"), we offer readers Pasquotank County's financial statements. This narrative overview and analysis of the financial activities of the County for the fiscal 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

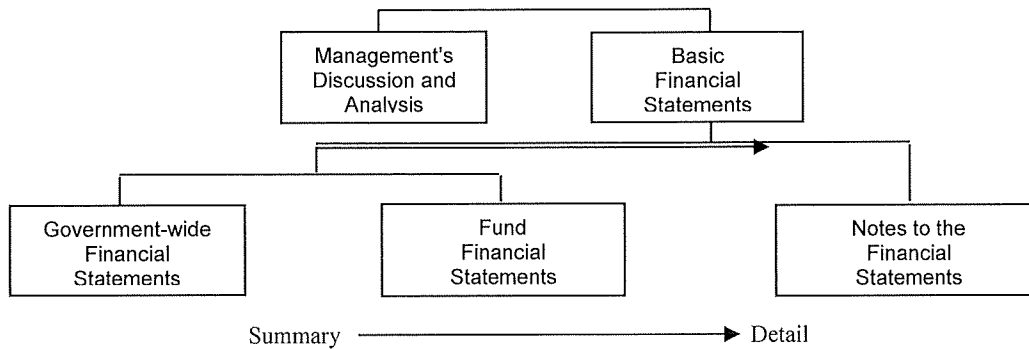
- The assets and deferred outflows of resources of Pasquotank County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$46,879,562 (net position).
- On the government-wide statements, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources of the governmental activities at the close of the fiscal year by \$18,365,181. The governmental activities' net assets are impacted considerably by the certificates of participation (COPS) and the qualified school construction bonds (QSCB) that the County has issued on behalf of the Elizabeth City-Pasquotank County Board of Education to fund capital projects. Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide school capital funding by using a mixture of County funds, installment purchase, bank qualified debt, certificates of participation, and qualified school construction bonds. The assets are not reflected in the County's financial statements and the full amount of the long-term debt \$8,570,391, is reflected in the County's financial statements. Under North Carolina law, the County is also responsible for capital and maintenance cost at College of the Albemarle. As of June 30, 2021, the outstanding debt relating to the expansion of Building A totaled \$1,285,200. The assets are not reflected in the County's financial statements.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$31,599,465, an increase of \$4,158,507 in comparison with the prior year. Approximately 61 percent of this total amount or \$19,208,376 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$19,208,290 or approximately 35.54 percent of total general fund expenditures for the fiscal year. The County appropriated \$796,800 for the 2021-2022 budget.
- The County's total debt decreased by \$4,551,802 during the current fiscal year. No new debt was issued this fiscal year.
- The County has an "A+" bond rating (Standard & Poor's Investor Services) and a rating of 80 from North Carolina Municipal Council, Inc.
- The County implemented GASB Statement No. 84, Fiduciary Activities, which created three new special revenue funds that were once treated as agency funds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the 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 11) 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 major and non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as general administration, taxation and records, human services, education, and public safety. Property and other 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, sewer, and landfill services offered by the County. The final category is the component units. Although both component units are legally separate from the County, the County appoints the majority of the board members on the Elizabeth City-Pasquotank County Tourism Development Authority.

The government-wide financial statements are on Pages 19 and 20 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. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into two categories: governmental funds and proprietary 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* which provides 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.

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

Proprietary Funds – The County has one kind of proprietary fund. An *Enterprise Fund* is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Water System activity and for its Landfill operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of others outside the government. The County has two fiduciary funds, both 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 are on pages 33 – 73 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning The County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

Government-wide Financial Analysis

Pasquotank County's Net Position

	Governmental Activities		Business-type Activities		Totals		Percent Change 20-21
	2021	2020	2021	2020	2021	2020	
Current and other assets	\$ 40,355,042	\$ 33,061,954	\$ 16,925,754	\$ 17,288,770	\$ 57,280,796	\$ 50,350,724	12.10%
Capital assets	35,977,242	37,918,691	22,899,518	23,656,408	58,876,760	61,575,099	-4.38%
Total assets	<u>76,332,284</u>	<u>70,980,645</u>	<u>39,825,272</u>	<u>40,945,178</u>	<u>116,157,556</u>	<u>111,925,823</u>	3.64%
Total deferred outflows of resources	8,325,270	3,405,963	918,222	394,590	9,243,492	3,800,553	143.21%
Long-term liabilities/schools	8,570,391	10,053,198	-	-	8,570,391	10,053,198	-14.74%
Long-term liabilities/other	19,074,081	21,212,896	8,514,331	9,362,228	27,588,412	30,575,124	-9.76%
Other Liabilities	36,347,879	25,906,152	3,500,208	3,043,811	39,848,087	28,949,963	37.64%
Total liabilities	<u>63,992,351</u>	<u>57,172,246</u>	<u>12,014,539</u>	<u>12,406,039</u>	<u>76,006,890</u>	<u>69,578,285</u>	9.23%
Total deferred inflows of resources	2,300,022	2,546,950	214,574	245,317	2,514,596	2,792,267	-9.90%
Net position:							
Net investment in capital assets	18,859,513	18,848,095	14,442,187	14,337,180	33,301,700	33,185,275	0.35%
Restricted/Bonds	7,130,786	6,741,831			7,130,786	6,741,831	5.34%
Unrestricted	(7,625,118)	(10,922,514)	14,072,194	14,351,232	6,447,076	3,428,718	88.82%
Total net position	<u>\$ 18,365,181</u>	<u>\$ 14,667,412</u>	<u>\$ 28,514,381</u>	<u>\$ 28,688,412</u>	<u>\$ 46,879,562</u>	<u>\$ 43,355,824</u>	8.12%

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the County exceeded liabilities and deferred inflows of resources by \$46,879,562 as of June 30, 2021. The County's net position increased by \$3,523,738 for the fiscal year ended June 30, 2021. Net position is reported in three categories: Net investment in capital assets of \$33.3 million, Restricted of \$7.1 million and Unrestricted of \$6.4 million.

The net investment in capital assets is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment, and infrastructure), less any related debt still outstanding that was issued to acquire those items. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's net investment in 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. At June 30, 2021 the increase in this category of net position is due to a decrease in debt related to assets.

The second category of net position is restricted. This represents resources that are subject to external restrictions on how they may be used.

The final category of net position is unrestricted. This balance may be used to meet the government's ongoing obligations to citizens and creditors.

As with many counties in the State of North Carolina, the County's Governmental Activities show a deficit in unrestricted net position due primarily to the portion of the County's outstanding debt incurred for the Elizabeth City-Pasquotank County Board of Education (the "school system"). Under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds, certificates of participation, and qualified zone academy bonds. The assets are funded by the County; however, they are owned and utilized by the school system. Since the County, the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$8.5 million of the outstanding debt on the County's financial statements was related to assets included in the school system's financial statements. The school debt is collateralized by a deed of trust granting, among other things, a first lien of record on the Project, including the land constituting a part of the Project, all other buildings, structures, improvements and fixtures thereon and all appurtenances thereto of any nature whatsoever, excluding mobile or modular classrooms located on the Site at any time, subject to Permitted Encumbrances. Accordingly, the County makes installment payments under the Installment Financing Agreement for payment of the debt. Neither the certificates nor the County's obligation to make payments under the Installment Financing Agreement constitute a pledge of the County's faith and credit within the meaning of any

constitutional provision. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

The deficit in unrestricted net position in the Governmental Activities decreased this year by \$3,297,396 due primarily to the increase in sales tax and land transfer tax received. Current year collections on ad valorem taxes also came in above expectations. The remainder amount of the difference can be attributed to the funding for school projects being deferred to the 2021-2022 year. The County's Governmental Funds showed an increase in fund balance by \$4,164,835. The decrease in the deficit is reflected below:

- The deferral of school projects to 2021-2022 by \$1.8 million
- Increase sales tax received over budget in the amount of \$1.2 million
- Increase in land transfer tax received in the amount of \$1.1 million
- Continued diligence in the collection of ad valorem taxes

Pasquotank County Changes in Net Position

	Activities		Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 7,749,364	\$ 7,786,367	\$ 11,294,055	\$ 11,247,941	\$ 19,043,419	\$ 19,034,308
Operating grants and contributions	9,447,970	7,288,386	219,231	305,475	9,667,201	7,593,861
Capital grants and contributions	55,990	40,000	106,800	104,200	162,790	144,200
General revenues:						
Property taxes	26,429,150	25,889,311			26,429,150	25,889,311
Other taxes	14,933,675	12,740,752			14,933,675	12,740,752
Other general revenues	931,698	8,914,237	110,044	278,666	1,041,742	9,192,903
Total revenues	<u>59,547,847</u>	<u>62,659,053</u>	<u>11,730,130</u>	<u>11,936,282</u>	<u>71,277,977</u>	<u>74,595,335</u>
Expenses:						
General government	7,025,991	5,256,251			7,025,991	5,256,251
Public safety	17,270,371	15,772,823			17,270,371	15,772,823
Environmental protection	7,500				7,500	
Economic and physical development	2,965,789	2,721,749			2,965,789	2,721,749
Human services	9,309,211	8,476,419			9,309,211	8,476,419
Cultural and recreational	2,244,835	2,112,493			2,244,835	2,112,493
Education	16,162,829	15,056,749			16,162,829	15,056,749
Interest on long-term debt	969,880	1,090,437			969,880	1,090,437
Water system			6,294,941	5,877,501	6,294,941	5,877,501
Landfill operations			5,509,220	5,453,425	5,509,220	5,453,425
Total expenses	<u>55,956,406</u>	<u>50,486,921</u>	<u>11,804,161</u>	<u>11,330,926</u>	<u>67,760,567</u>	<u>61,817,847</u>
Increase in net position before transfers	3,591,441	12,172,132	(74,031)	605,356	3,517,410	12,777,488
Transfers in (out)	100,000	100,000	(100,000)	(100,000)		
Increase (decrease) in net position	3,691,441	12,272,132	(174,031)	505,356	3,517,410	12,777,488
Net position--beginning	14,667,412	2,395,280	28,688,412	28,183,056	43,355,824	30,578,336
Restatement	6,328				6,328	
Net position--beginning restated	14,673,740		28,688,412		43,362,152	
Net position June 30	<u>\$ 18,365,181</u>	<u>\$ 14,667,412</u>	<u>\$ 28,514,381</u>	<u>\$ 28,688,412</u>	<u>\$ 46,879,562</u>	<u>\$ 43,355,824</u>

Governmental activities: Governmental activities increased the County's net position by \$3,691,441. Key elements of this increase are as follows:

- The collection of current year taxes came in approximately \$711,000 more than anticipated
- School capital projects in the amount of \$1.8 million were deferred to 2021-2022
- Land transfer tax collections came in higher than anticipated by approximately \$1.1 million
- Sales tax receipts came in approximately \$1.2 million more than anticipated

Business-type activities: Business-type activities decreased the County's net position by only \$174,031 as compared to an increase of \$505,356 in the prior year. The difference between the two years of \$679,387 can be attributed to the following:

- The Water System received approximately \$100,000 less in revenue than the prior year.
- The Water System had an increase in expenditures from the prior year. The increase is related to hiring an engineering firm to help develop a capital improvement plan.
- The Water System is scheduled to purchase a private system that serves the northern part of the county. An engineering firm was hired to determine the feasibility of the acquisition.
- Revenues for the Landfill Fund remained flat over the prior year.
- The costs related to scrap tires were approximately \$44,000 over last year.
- A third modification to the revenue bonds issued for the construction of the reverse osmosis plant reduced the interest rate from 2.99% to 2.02%

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, Pasquotank County's fund balance available in the General Fund was \$19,208,290 while total fund balance increased to \$30,956,934 from \$26,664,406 at June 30, 2021. The County currently has an available fund balance of approximately 35.54 percent of total General Fund expenses, while total fund balance represents approximately 57 percent of that same amount.

At June 30, 2021, the governmental funds of the County reported a combined fund balance of \$31,599,465, an approximate 15 percent increase from last year.

General Fund Budgetary Highlights: The County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$5,000,485 or approximately 10%. The increase is a result of funds in the amount of \$400,000 received from Perquimans and Camden counties, \$2.1 million for school capital rolled over from the 2019-2020 year, and grants in the amount of \$1.3 million.

Proprietary Funds: The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Landfill Fund is \$2,297,598 at the end of the fiscal year and for the Water System Fund equaled \$11,774,596. The increase in net position for the Landfill Fund was \$12,102. The decrease in net position in the Water System Fund was \$186,133.

Capital Asset and Debt Administration

Capital assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$58,876,760 (net of accumulated depreciation) a decrease of \$2,698,339 from last year. These assets include construction in progress, land, buildings, automotive equipment, office and other equipment, and water and sewer lines. The net decrease is a result of assets added that were less than annual depreciation. Additional information on the County's capital assets can be found in Note 3 pages 45 – 46.

Pasquotank County's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,641,249	\$ 5,641,249	\$ 1,247,627	\$ 1,247,627	\$ 6,888,876	\$ 6,888,876
Buildings	26,006,717	27,474,110	9,773,890	10,174,100	35,780,607	37,648,210
Transfer station			189,375	57,798	189,375	57,798
Infrastructure	1,013,547	1,140,739	10,836,436	11,056,111	11,849,983	12,196,850
Furniture and fixtures	1,383,665	1,460,198			1,383,665	1,460,198
Machinery and equipment			266,530	315,277	266,530	315,277
Vehicles and motorized equipment	1,881,792	2,202,395	472,858	407,204	2,354,650	2,609,599
Construction in progress	50,272		112,802	398,291	163,074	398,291
Total net capital assets	\$ 35,977,242	\$ 37,918,691	\$ 22,899,518	\$ 23,656,408	\$ 58,876,760	\$ 61,575,099

Additional information on the County's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2021, the County has \$35,430,651 in outstanding debt that is related to the construction of a reverse osmosis water treatment facility, capital improvements, construction of a new library and public safety building, construction of a new jail, and additional schools built on behalf of the Elizabeth City-Pasquotank School Board. The County has several installment notes outstanding. A summary of total long-term debt is shown in below:

Revenue Bonds, Installment Notes Payable, Certificates of Participation, and Qualified School Construction Bonds

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue bonds	\$	\$	\$ 8,457,331	\$ 9,319,228	\$ 8,457,331	\$ 9,319,228
Direct borrowing installment purchase	21,224,347	23,935,751			21,224,347	23,935,751
Certificates of Participation						0
Qualified School Construction Bonds	800,000	933,333			800,000	933,333
Advance Refundings	4,948,973	5,794,141			4,948,973	5,794,141
Total	\$ 26,973,320	\$ 30,663,225	\$ 8,457,331	\$ 9,319,228	\$ 35,430,651	\$ 39,982,453

During the past fiscal year the County's total debt decreased by \$4,551,802 or 11.13%. The County did not issue any new debt in the 2020-2021 year.

The County has been assigned a rating of "80" with the North Carolina Municipal Bond Council, Inc. and a rating of "A+" from Standard & Poor's rating service.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$246,442,165. Additional information regarding the County's long-term debt can be found in Note 3 on pages 62 - 67 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate in the County was at 5.4% on June 30, 2021, compared with a national rate of 5.9% and a State rate of 4.6%.
- COVID-19 has had a very small impact on the revenue streams the County depends upon to carry out the business of the County. Sales Tax has not seen a decrease; collections are currently trending above prior year. Management continues to monitor the various revenue streams.
- The County has been awarded a Parks and Recreation Trust Fund Grant (PARTF) to purchase land for the development of a park located in the northern part of the County.
- The County approved the sale of the former middle school property. The buyer intends to convert the property to approximately 84 market rate apartments.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The County has approved a \$51.7 million general fund budget for fiscal year 2022 which represents an increase of approximately \$3.1 million or approximately 6% over fiscal year 2021. The bulk of the increase is due to appropriations for three fire trucks at \$1.5 million. The remainder of the increase is for additional positions in the Sheriff's Office (2), a position in the County Manager's office and one additional position in the Finance Office. The County initiated a 401(k) match of up to 5% for non-law enforcement personnel. A cost of living adjustment in the amount of 2% was given and the County's required contribution to the Local Government Retirement System (LGRS) increased by 1.20%. The County's tax rate for the 2021-2022 budget year remains at \$.77 per \$100. The valuation is projected to be \$3,367,814,115, an increase in the tax base of approximately \$30,215,585. The County kept the school current expense budget the same at \$11,364,000 and decreased the capital budget by \$217,323. The decrease in capital funding for the school system is in anticipation of rolling over approximately \$1.8 million in unspent funds from the 2020-2021 fiscal year. College of the Albemarle's current expense budget is the same as last year, \$1,735,000 and \$700,000 was appropriated for capital projects, a decrease of \$70,000.

Business – type Activities: The Landfill Fund's budget includes plans to upgrade and improve several convenience sites, as well as to purchase a trailer, a roll-off truck and to re-configure the entrance and exit to the transfer station. The Water System's budget includes the purchase of several vehicles and pieces of equipment, a continuation of implementing remote read meters and improvements to the system in the amount of \$2.9 million. The County is purchasing the South Mills Water System located in the northern part of the County, for approximately \$1.4 million. The system has approximately 1,000 customers.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Pasquotank County, 206 East Main Street, P.O. Box 529, Elizabeth City, NC 27907.

BASIC FINANCIAL STATEMENTS

Pasquotank County, North Carolina

Exhibit 1

Statement of Net Position

June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
ASSETS					
Cash and cash equivalents	\$ 25,549,728	\$ 13,566,606	\$ 39,116,334	\$ -	\$ 1,184,072
Receivables (net)	3,442,986	1,078,154	4,521,140		96,990
Other receivables	5,157,034	38,296	5,195,330		
Inventories		227,761	227,761		
Prepaid items	72,334	925	73,259		2,397
Restricted cash and cash equivalents	6,046,639	1,885,267	7,931,906		
Prepaid trustee fees on debt issuance		6,163	6,163		
Other assets		122,582	122,582		
Net pension asset-register of deeds	86,321		86,321		
Capital assets:					
Land, improvements, and construction in progress	5,691,521	1,360,429	7,051,950		94,998
Other capital assets, net of depreciation	30,285,721	21,539,089	51,824,810		34,721
Total capital assets	35,977,242	22,899,518	58,876,760	-	129,719
Total assets	76,332,284	39,825,272	116,157,556	-	1,413,178
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan-LGERS	3,639,018	425,818	4,064,836		56,115
Pension plan-LEOSSA	711,698		711,698		
Pension plan-register of deeds	9,695		9,695		
Other post employment benefits	3,964,859	492,404	4,457,263		
Total deferred outflows of resources	8,325,270	918,222	9,243,492	-	56,115
LIABILITIES					
Accounts payable and accrued expenses	778,599	263,467	1,042,066		8,465
Other liabilities	484,004		484,004		
Liabilities to be paid from restricted assets		91,375	91,375		
Accrued interest	295,393	2,340	297,733		
Prepaid rents	892,699		892,699		
Prepaid health services	300,000		300,000		
Contribution for future training	3,000		3,000		
ARPA funds	3,867,672		3,867,672		
Note receivable-City of Elizabeth City		122,582	122,582		
Long-term liabilities:					
Due within one year	4,196,334	1,020,500	5,216,834		2,500
Due in more than one year	23,448,138	7,493,831	30,941,969		
Compensated absences	542,685	95,433	638,118		2,982
Other post employment benefits	21,079,107	2,235,576	23,314,683		
Net pension liability-LGERS	6,199,415	689,435	6,888,850		67,538
Total pension liability-LEOSSA	1,905,305		1,905,305		
Total liabilities	63,992,351	12,014,539	76,006,890	-	81,485
DEFERRED INFLOWS OF RESOURCES					
Prepaid Taxes	140,466		140,466		
Prepaid solid waste fees		288	288		
Other post employment benefits	1,928,576	214,286	2,142,862		
Pension plan-register of deeds	12,818		12,818		
Pension plan-LEOSSA	66,322		66,322		
Pension plan-LGERS	151,840		151,840		6,337
Total deferred inflows of resources	2,300,022	214,574	2,514,596	-	6,337
NET POSITION					
Net investment in capital assets	18,859,513	14,442,187	33,301,700		129,719
Restricted for:					
Stabilization by State Statute	6,553,874		6,553,874		96,990
Register of deeds	50,966		50,966		
Human services	25,214		25,214		
Law enforcement	27,570		27,570		
Other governmental entities					364,723
Emergency telephone system	473,162		473,162		
Unrestricted (deficit)	(7,625,118)	14,072,194	6,447,076		790,039
Total net position	\$ 18,365,181	\$ 28,514,381	\$ 46,879,562	\$ -	\$ 1,381,471

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 2

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Albemarle Hospital Authority	EC-PC Tourism Development Authority
Primary government:									
Governmental Activities:									
General government	\$ 7,025,991	\$ 2,121,055	\$ 358,067	\$ 1,450	\$ (4,545,419)	\$	\$ (4,545,419)		
Public safety	17,270,371	5,551,660	3,004,830	14,540	(8,699,341)		(8,699,341)		
Environmental protection	7,500	5,096			(2,404)		(2,404)		
Economic and physical development	2,965,789	41,626	751,027		(2,173,136)		(2,173,136)		
Human services	9,309,211	23,919	4,904,521		(4,380,771)		(4,380,771)		
Cultural and recreation	2,244,835	6,008	18,825	40,000	(2,180,002)		(2,180,002)		
Education	16,162,829		410,700		(15,752,129)		(15,752,129)		
Interest on long-term debt	969,880				(969,880)		(969,880)		
Total governmental activities	55,956,406	7,749,364	9,447,970	55,990	(38,703,082)	-	(38,703,082)		
Business-type activities:									
Landfill	5,509,220	5,521,743	96,649			109,172	109,172		
Water and Sewer	6,294,941	5,772,312	122,582	106,800		(293,247)	(293,247)		
Total business-type activities	11,804,161	11,294,055	219,231	106,800	-	(184,075)	(184,075)		
	\$ 67,760,567	\$ 19,043,419	\$ 9,667,201	\$ 162,790	(38,703,082)	(184,075)	(38,887,157)		
Component unit:									
Albemarle Hospital	\$ 209,377	\$ -	\$ -	\$ -			\$ (209,377)	\$ -	
EC-PC Tourism Development Authority	547,059		165,417					(381,642)	
Total component units	\$ 756,436	\$ -	\$ 165,417	\$ -			(209,377)	(381,642)	
General revenues:									
Taxes:									
Property taxes, levied for general purpose					26,429,150		26,429,150		
Local option sales tax					12,146,786		12,146,786		
Other taxes and licenses					2,786,889		2,786,889		750,335
Investment earnings, unrestricted					32,347	19,362	51,709	543	2,238
Unrestricted intergovernmental					101,181		101,181		
Miscellaneous, unrestricted					798,170	90,682	888,852		420
Total general revenues, excluding transfers and special items					42,294,523	110,044	42,404,567	543	752,993
Special items:									
Forgiveness of debt income								126,668	
Donations								(427,000)	
Transfers									
					100,000	(100,000)	-		
Total general revenues, special items and transfers					42,394,523	10,044	42,404,567	(299,789)	752,993
Change in net position					3,691,441	(174,031)	3,517,410	(509,166)	371,351
Net position--beginning					14,667,412	28,688,412	43,355,824	509,166	1,010,120
Restatement					6,328		6,328		
Net position--beginning, restated					14,673,740	28,688,412	43,362,152	509,166	1,010,120
Net position--ending					\$ 18,365,181	\$ 28,514,381	\$ 46,879,562	\$ -	\$ 1,381,471

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3
Page 1 of 2

	Major		Non-Major		
			Other		Total
	General	Grants Fund	Governmental Funds		Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 24,961,295	\$	\$ 588,433	\$	25,549,728
Receivables (net):					
Taxes	1,788,250				1,788,250
Assessments	9,100		625		9,725
Other	4,823,440		28,888		4,852,328
Emergency medical services	1,240,170				1,240,170
Sales taxes	304,706		-		304,706
Restricted cash and cash equivalents	2,178,881	3,867,758			6,046,639
Prepaid items	39,043		33,291		72,334
Total assets	<u>\$ 35,344,885</u>	<u>\$ 3,867,758</u>	<u>\$ 651,237</u>	<u>\$</u>	<u>39,863,880</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 770,432	\$	\$ 8,167	\$	778,599
Prepaid revenues	1,195,699	3,867,672			5,063,371
Miscellaneous liabilities	484,004				484,004
Total liabilities	<u>2,450,135</u>	<u>3,867,672</u>	<u>8,167</u>		<u>6,325,974</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes	140,466				140,466
Unavailable taxes receivable	1,788,250				1,788,250
Unavailable assessments receivable	9,100		625		9,725
Total deferred inflows of resources	<u>1,937,816</u>	<u>-</u>	<u>625</u>		<u>1,938,441</u>
Fund balances:					
Nonspendable:					
Prepaid items	39,043		33,291		72,334
Restricted:					
Stabilization by State statute	6,524,986		28,888		6,553,874
Register of deeds	50,966				50,966
Human services	-		25,214		25,214
Law enforcement			27,570		27,570
Emergency telephone system			479,818		479,818
Committed:					
Tax Revaluation	94,319				94,319
School capital needs	4,242,530				4,242,530
Drainage			20,257		20,257
Library			27,407		27,407
Assigned:					
Subsequent year's expenditures	796,800				796,800
Unassigned:	19,208,290	86			19,208,376
Total fund balances	<u>30,956,934</u>	<u>86</u>	<u>642,445</u>		<u>31,599,465</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,344,885</u>	<u>\$ 3,867,758</u>	<u>\$ 651,237</u>		

The notes to the financial statements are an integral part of this statement.

(continued)

Pasquotank County, North Carolina

Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3
Page 2 of 2

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

Total fund balance, Governmental funds	31,599,465
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	35,977,242
Other long-term assets are not available to pay current-period expenditures and therefore are unavailable in the funds.	404,841
Net pension asset	86,321
Deferred outflows of resources related to pensions are not reported in the funds	3,639,018
Deferred outflows of resources related to LEOSSA are not reported in the funds	711,698
Deferred outflows of resources related to OPEB are not reported in the funds	3,964,859
Deferred outflows of resources related to ROD are not reported in the funds	9,695
Difference related to advance refunding	-
Net pension liability	(6,199,415)
Total OPEB liability	(21,079,107)
Total pension liability	(1,905,305)
Deferred inflows of resources for taxes and special assessments receivable	1,797,975
Deferred inflows of resources related to pensions are not reported in the funds	(230,980)
Deferred inflows of resources related to OPEB are not reported in the funds	(1,928,576)
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(28,482,550)</u>
Net position of governmental activities	<u>\$ 18,365,181</u>

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 4

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

	Major		Non-Major	
			Other	
	General Fund	Grants Fund	Governmental Funds	Total Governmental Funds
REVENUES				
Ad valorem taxes	\$ 26,432,481	\$	\$ -	\$ 26,432,481
Assessments	2,870		5,158	8,028
Local option sales taxes	12,146,786			12,146,786
Other taxes and licenses	2,794,143			2,794,143
Unrestricted intergovernmental	99,329			99,329
Restricted intergovernmental	7,870,320		325,743	8,196,063
Restricted other	500,000		964,010	1,464,010
Permits and fees	473,988			473,988
Sales and services	5,101,446			5,101,446
Investment earnings	31,747	86	514	32,347
Miscellaneous	2,795,853		5,930	2,801,783
Total revenues	58,248,963	86	1,301,355	59,550,404
EXPENDITURES				
Current:				
General government	5,829,822		163,807	5,993,629
Public safety	14,053,095		258,538	14,311,633
Environmental protection			7,500	7,500
Economic and physical development	2,097,391		726,019	2,823,410
Human services	8,506,395		23,476	8,529,871
Cultural and recreational	2,037,275		729	2,038,004
Intergovernmental:				
Education	16,162,829			16,162,829
Capital outlay	730,818		254,087	984,905
Debt service:				
Principal	3,689,905			3,689,905
Interest and other charges	950,211			950,211
Total expenditures	54,057,741	-	1,434,156	55,491,897
Excess (deficiency) of revenues over expenditures	4,191,222		(132,801)	4,058,507
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	100,000			100,000
Issuance of debt				-
Total other financing sources and (uses)	100,000	-		100,000
Net change in fund balance	4,291,222		(132,801)	4,158,507
Fund balances-beginning	26,664,406		770,224	27,434,630
Prior period adjustment			6,328	6,328
Residual equity transfer	1,306		(1,306)	
Fund balances-beginning restated	26,665,712		775,246	27,440,958
Fund balances-ending	\$ 30,956,934	\$ 86	\$ 642,445	\$ 31,599,465

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances in Governmental Funds to the Statement of Activities
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	\$ 4,158,507
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 depreciation exceeded capital outlays in the current period	(1,940,888)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis	(561)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,365,795
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	48,682
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	240,485
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(1,996)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,647,033
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.	<u>(3,825,616)</u>
Total changes in net position of governmental activities	<u><u>\$ 3,691,441</u></u>

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - General Fund
 For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 25,591,500	\$ 25,721,044	26,432,481	\$ 711,437
Local option sales tax	9,495,200	10,865,661	12,146,786	1,281,125
Other taxes and licenses	1,512,000	1,616,000	2,797,013	1,181,013
Unrestricted intergovernmental	99,000	99,000	99,329	329
Restricted intergovernmental	5,669,702	8,792,571	7,870,320	(922,251)
Restricted other	490,000	518,000	500,000	(18,000)
Permits and fees	405,500	461,500	473,988	12,488
Sales and services	5,068,075	5,075,232	5,101,446	26,214
Investment earnings	207,300	90,300	31,747	(58,553)
Miscellaneous	2,044,905	2,344,359	2,795,853	451,494
Total revenues	<u>50,583,182</u>	<u>55,583,667</u>	<u>58,248,963</u>	<u>2,665,296</u>
Expenditures				
Current:				
General government	4,781,284	7,470,848	6,025,218	1,445,630
Public safety	14,629,032	15,572,174	14,588,517	983,657
Economic and physical development	2,050,508	2,244,535	2,097,391	147,144
Human services	8,749,747	8,958,177	8,506,395	451,782
Cultural and recreational	2,145,823	2,182,566	2,037,275	145,291
Intergovernmental:				
Education	15,569,000	18,055,800	16,162,829	1,892,971
Reserve funds	9,683,090	9,757,347		9,757,347
Debt service:				
Principal retirement	3,689,905	3,689,905	3,689,905	-
Interest and other charges	956,553	956,553	950,211	6,342
Total expenditures	<u>62,254,942</u>	<u>68,887,905</u>	<u>54,057,741</u>	<u>14,830,164</u>
Revenues over (under) expenditures	<u>(11,671,760)</u>	<u>(13,304,238)</u>	<u>4,191,222</u>	<u>17,495,460</u>
Other financing sources (uses):				
Issuance of debt	1,240,000			
Transfer in (out)	100,000	100,000	100,000	
Fund balance appropriated	10,331,760	13,204,238		(13,204,238)
Total other financing sources (uses)	<u>11,671,760</u>	<u>13,304,238</u>	<u>100,000</u>	<u>(13,204,238)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,291,222</u>	<u>\$ 4,291,222</u>
Fund balances:				
Fund balance, beginning			26,664,406	
Residual equity transfer			1,306	
Fund balance, beginning , restated			26,665,712	
Fund balance, ending (Exhibit 4)			<u>\$ 30,956,934</u>	

The notes to the financial statements are an integral part of this statement.

PASQUOTANK COUNTY, NORTH CAROLINA

Exhibit 6

GRANTS FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenue:				
Restricted revenue:				
America Rescue Plan	\$ -	\$ 3,867,673	\$ -	\$ (3,867,673)
Miscellaneous revenue				
Total	<u>-</u>	<u>3,867,673</u>	<u>-</u>	<u>(3,867,673)</u>
Investment earnings:			<u>86</u>	<u>86</u>
Total Revenue	<u>-</u>	<u>3,867,673</u>	<u>86</u>	<u>(3,867,587)</u>
Expenditures				
Unallocated to projects	<u>-</u>	<u>3,867,673</u>	<u>-</u>	<u>3,867,673</u>
Total expenditures	<u>-</u>	<u>3,867,673</u>	<u>-</u>	<u>3,867,673</u>
Revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>86</u>	<u>\$ 86</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ 86</u>	

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 7

Statement of Net Position

Proprietary Funds

June 30, 2021

	Enterprise Funds		
	Landfill Fund	Water System Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,728,118	\$ 10,838,488	\$ 13,566,606
Accounts receivables, net	661,914	416,240	1,078,154
Other receivables	32,531	5,765	38,296
Cash reserve-current year debt payment		659,745	659,745
Prepaid trustee fees on debt issuance		6,163	6,163
Cash reserve-customer deposits	1,625	89,750	91,375
Prepaid expenses	925		925
Inventories	23,301	204,460	227,761
Total current assets	3,448,414	12,220,611	15,669,025
Noncurrent assets:			
Cash-Debt service reserve-trustee		1,134,147	1,134,147
Note receivable-City of Elizabeth City		122,582	122,582
Capital assets:			
Land, improvements, and construction in progress	514,344	846,085	1,360,429
Other capital assets, net of depreciation	1,068,129	20,470,960	21,539,089
Total capital assets	1,582,473	21,317,045	22,899,518
Total noncurrent assets	1,582,473	22,573,774	24,156,247
Total assets	5,030,887	34,794,385	39,825,272
DEFERRED OUTFLOWS OF RESOURCES:			
Pension plan-LGERS	178,639	247,179	425,818
Other post employment benefits	176,897	315,507	492,404
Total deferred outflows of resources	355,536	562,686	918,222
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	188,349	75,118	263,467
Liabilities payable from restricted assets:			
Customer deposits	1,625	89,750	91,375
Accrued interest payable		2,340	2,340
Compensated absences, current	25,000	32,000	57,000
Current portion, long-term debt		963,500	963,500
Total current liabilities	214,974	1,162,708	1,377,682
Noncurrent liabilities:			
Compensated absences	39,270	56,163	95,433
Net pension liability	289,231	400,204	689,435
Other post employment benefits liability	876,875	1,358,701	2,235,576
Note receivable-City of Elizabeth City		122,582	122,582
Noncurrent portion, long-term debt		7,493,831	7,493,831
Total noncurrent liabilities	1,205,376	9,431,481	10,636,857
Total liabilities	1,420,350	10,594,189	12,014,539
DEFERRED INFLOWS OF RESOURCES:			
Prepaid solid waste fees	288		288
Other post employment benefits	85,714	128,572	214,286
Total deferred inflows of resources	86,002	128,572	214,574
NET POSITION			
Net investment in capital assets	1,582,473	12,859,714	14,442,187
Unrestricted	2,297,598	11,774,596	14,072,194
Total net position	\$ 3,880,071	\$ 24,634,310	\$ 28,514,381

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 8

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

	Enterprise Funds		
	Landfill Fund	Water System Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,882,605	\$ 3,733,841	\$ 6,616,446
Water sales-reverse osmosis plant		1,927,242	1,927,242
Solid waste fees	2,519,747		2,519,747
Service fees and penalties	42,895	98,229	141,124
Other operating revenue	76,496	13,000	89,496
Total operating revenues	5,521,743	5,772,312	11,294,055
OPERATING EXPENSES			
Water plant operations		3,275,032	3,275,032
Reverse osmosis plant operations		976,477	976,477
Waste water treatment plant operations		146,011	146,011
Professional services		48,465	48,465
Administrative services		246,355	246,355
Depreciation and amortization	187,979	1,271,061	1,459,040
Transfer station	140,053		140,053
Landfill operations	2,825,024		2,825,024
Convenience sites	2,276,387		2,276,387
Total operating expenses	5,429,443	5,963,401	11,392,844
Operating income (loss)	92,300	(191,089)	(98,789)
NONOPERATING REVENUES (EXPENSES)			
State grants	6,650		6,650
N C Department of Revenue:			
Tire disposal fee tax	57,743		57,743
White goods disposal fee tax	11,113		11,113
Solid waste disposal tax	21,143		21,143
Payment from the City of Elizabeth City		122,582	122,582
Trustee fees		(3,008)	(3,008)
Sale of assets		9,384	9,384
Sales tax refund		12,170	12,170
Tower rental fees		69,128	69,128
Other post employment benefits	(44,358)	(16,375)	(60,733)
Net pension costs	(35,419)	(49,009)	(84,428)
Interest paid on long-term debt		(263,148)	(263,148)
Interest and investment revenue	2,930	16,432	19,362
Total nonoperating revenue (expenses)	19,802	(101,844)	(82,042)
Income before capital contributions and transfers	112,102	(292,933)	(180,831)
Capital contributions		106,800	106,800
Transfers (to) from other funds	(100,000)		(100,000)
Change in net position	12,102	(186,133)	(174,031)
Total net position - beginning	3,867,969	24,820,443	28,688,412
Total net position - ending	\$ 3,880,071	\$ 24,634,310	\$ 28,514,381

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 9

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2021

	Landfill Fund	Water System Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 2,861,502	\$ 5,711,653	\$ 8,573,155
Cash received from solid waste fees	2,509,172		2,509,172
Cash paid for goods and services	(4,131,422)	(3,301,938)	(7,433,360)
Cash paid to employees for services	(1,170,203)	(1,377,662)	(2,547,865)
Customer deposits (net)		3,640	3,640
Other operating revenue	124,289	110,683	234,972
Net cash provided by (used by) operating activities	193,338	1,146,376	1,339,714
Cash flows from noncapital financing activities			
Proceeds from State grants-operating	5,345		5,345
Proceeds from City		122,582	122,582
Salers tax refund	-	12,170	12,170
N C Department of Revenue:			
Proceeds for tire disposal tax	53,868		53,868
Proceeds for white goods disposal tax	15,605		15,605
Proceeds for solid waste disposal tax	10,909		10,909
Transfer out to capital reserve	(100,000)		(100,000)
Net cash provided by (used by) noncapital financing activities	(14,273)	134,752	120,479
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(238,423)	(368,569)	(606,992)
Construction in progress	(25,296)	(69,011)	
Sale of assets	-	9,384	9,384
Trustee fees		(3,008)	(3,008)
System development fees		106,800	106,800
Principal paid on bonds		(861,897)	(861,897)
Interest paid on bonds		(342,493)	(342,493)
Proceeds from tower rental		69,128	69,128
Net cash provided by (used by) capital and related financing activities	(263,719)	(1,459,666)	(1,629,078)
Cash flows from investing activities:			
Interest on investments	2,930	20,110	23,040
Net cash used by investing activities	2,930	20,110	23,040
Net increase (decrease) in cash and cash equivalents	(81,724)	(158,428)	(145,845)
Cash and cash equivalents, July 1	2,811,467	12,880,558	15,692,025
Cash and cash equivalents, June 30	<u>\$ 2,729,743</u>	<u>\$ 12,722,130</u>	<u>\$ 15,546,180</u>
(Landfill includes reserves of \$1,625)			
(Water System includes cash reserves of \$195,007			
\$86,110 and \$1,134,342			

The notes to the financial statements are an integral part of this statement.

(continued)

Pasquotank County, North Carolina

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2021

Exhibit 9

(continued)

	Landfill Fund	Water System Fund	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating (loss) income	\$ 92,300	\$ (191,089)	\$ (98,789)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	187,979	1,270,211	1,458,190
Amortization		850	850
Changes in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in accounts receivable	(21,103)	50,575	29,472
(Increase) decrease in other receivables	(5,965)	(546)	(6,511)
(Increase) decrease in inventory	(4,917)	(10,445)	(15,362)
(Increase) decrease in prepaid expenses	(925)		(925)
Increase (decrease) in accounts payable and accrued liabilities	(67,445)	1,144	(66,301)
Increase (decrease) in customer deposits		3,640	3,640
Increase (decrease) in unearned revenue	288		288
Increase (decrease) in accrued vacation pay	13,126	22,036	35,162
Total adjustments	101,038	1,337,465	1,438,503
Net cash provided by (used by) operating activities	\$ 193,338	\$ 1,146,376	\$ 1,339,714

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 10

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 52,028
Taxes receivable for other governments, net	990,718
Fees receivable for other organizations, net	15,781
Total assets	<u>1,058,527</u>
Liabilities	
Due to other governments	51,234
Due to other organizations	794
Total liabilities	<u>52,028</u>
Net position	
Restricted for:	
Governments and other organizations	1,006,499
Total fiduciary net position	<u>\$ 1,006,499</u>

The notes to the financial statements are an integral part of this statement.

Pasquotank County, North Carolina

Exhibit 11

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
Additions	
Ad valorem taxes, assessments and fees for other governments	\$ 9,368,724
Gross receipts taxes for other governments	87,530
Collections of fees for other organizations	<u>20,362</u>
Total additions	<u>9,476,616</u>
 Deductions	
Distributions to other governments	9,450,384
Distributions to other organizations	<u>20,318</u>
Total deductions	<u>9,470,702</u>
 Net increase (decrease) in fiduciary position	5,914
 Net position, beginning, as previously reported	-
Prior period restatement - change in accounting principal	<u>1,000,585</u>
Net position, beginning, as restated	<u>1,000,585</u>
 Net position, ending	<u><u>\$ 1,006,499</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes are provided in the Financial Section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the summary of Significant Accounting Policies for the County and other necessary disclosure of important matters relating to the financial position of the County. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

PASQUOTANK COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. The discretely presented component units presented below are reported in a separate column in the County's combined financial statements.

Albemarle Hospital

Albemarle Hospital (the "Hospital") was a County-owned public hospital located in Elizabeth City, North Carolina through September 27, 2000. Effective September 28, 2000, the Hospital became a public authority (the "Authority") established under North Carolina general statutes. The real estate and equipment used by the Hospital were leased to the Authority by Pasquotank County for a term of fifteen years. The Authority, through the operations of the Hospital, provides medical facilities, inpatient and outpatient services to the residents of Pasquotank County and surrounding counties. The Authority's commissioners are appointed by the County's Board of Commissioners. The County does not have the authority to designate the management of the Hospital, nor does it have the authority to review or approve the Hospital's budget. Contracting authority rests with the Authority board. The County does not control the collection or disbursement of Hospital funds. A significant financing arrangement exists between the Hospital and the County; in which the County owns all of the real estate and equipment used by the Hospital (see Note 4). The Authority is presented at September 30, 2020, as if it were a proprietary fund.

Effective March 1, 2014, the Albemarle Hospital Authority entered into a long-term lease agreement, as well as associated ancillary agreements (collectively, the "Lease Agreement"), with Sentara Healthcare ("Sentara") and a wholly owned subsidiary of Sentara, Sentara Albemarle Regional Medical Center ("SARMC"). Pursuant to the Lease Agreement, as of March 1, 2014, the Authority transferred all operating rights, obligations and benefits associated with the Authority's facilities, clinics and operations, as well as certain assets and liabilities associated with the Authority, to SARMC, all subject to the terms of the related transactional documents. Consequently, as of March 1, 2014, the Authority is no longer the operator of the health system known as "Albemarle Health".

Effective May 14, 2020, the Authority's board approved the dissolution agreements and the Authority was dissolved. The bank account remained open until all funds were disbursed accordingly and it was closed on September 30, 2020.

Complete financial statements for the component unit may be obtained at the administrative office of the entity:

Albemarle Hospital Authority
P O Box 39
Elizabeth City, North Carolina 27907

Elizabeth City-Pasquotank County Tourism Development Authority

The Elizabeth City-Pasquotank County Tourism Development Authority (TDA) is governed by a ten member board and was established in North Carolina under the North Carolina General Statutes. Under the Statutes the TDA receives room occupancy taxes which are levied on gross receipts derived from the rental of any room, lodging or similar accommodation furnished by a hotel, motel or similar establishment from Pasquotank County. The TDA was formed to promote travel and tourism in Elizabeth City and Pasquotank County and to sponsor tourism related events and activities in the same area. The TDA's Board is made up of elected officials appointed by the City and County and individuals affiliated in tourism related businesses.

Complete financial statements for the component unit may be obtained at the administrative office of the entity:

Elizabeth City-Pasquotank County Tourism Development Authority
501 S. Water Street
Elizabeth City, NC 27909

Pasquotank County Industrial Facilities and Pollution Control Financing Authority

Pasquotank County Industrial Facilities and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital

requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

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

Grants Fund: This special revenue fund is used to account for the American Rescue Plan distribution until such time the Board of Commissioners approve a spending plan.

The County reports the following major enterprise funds:

Landfill Fund. This fund accounts for the operations of the County's transfer station, recycling and solid waste activities. The Landfill no longer accepts municipal solid waste. Municipal solid waste is brought to the transfer station, where it is hauled to an outside landfill in another county.

Water System Fund. This fund is used to account for the operations of the County's water operations. A Water and Sewer Capital Reserve Fund was established by the County in July, 2018. The Water and Sewer Capital Reserve Fund is a legally budget funds under North Carolina General Statutes; however, for statement presentation it is consolidated in the Water Fund. This fund records the system development fees (SDFs) collected.

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 taxes that are billed and collected by the County for the City of Elizabeth City but are not revenues to the County, and the Health Department Fund, which accounts for septic tank inspection fees collected by the County on behalf of Albemarle Regional Health Services.

Nonmajor Funds. The County maintains nine legally budgeted funds. The Emergency Telephone System Fund, the Seized Asset Fund, the Library Reserve Fund, the Drainage Districts Fund, the Friends of the Library Fund, the Representative Payee Fund, the Occupancy Tax Fund, the Deed of Trust Fund, and the Fines and Forfeitures Fund are reported as nonmajor special revenue funds.

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

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as 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 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all enterprise funds and governmental funds except the Seized Asset Fund (special revenue funds). All annual appropriations lapse at fiscal year-end. A project ordinance is adopted for the Seized Asset Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund, special revenue, and enterprise funds, and at the project level for the capital project funds. The balances in the Capital Reserve Fund will be appropriated when transferred to a capital project fund or to the General Fund for debt service in accordance with the annual ordinance adopted for the reserve fund. The County Manager is authorized to transfer appropriations within a department; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the County, the TDA, and the Hospital 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).

2. Cash and Cash Equivalents

The County pools moneys from several funds into a central depository account to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are considered cash and cash equivalent. The County also owns cash and investments in individual funds. The TDA and Hospital consider demand deposits and investments which are not limited as to use purchased with an original maturity of 90 days or less, to be cash and cash equivalents.

3. Restricted Assets and Assets Limited as to Use

The unexpended loan proceeds and the debt service reserve of the General Fund are classified as restricted assets because their use is restricted by the trustee. The required accumulated debt service reserves of the Water System Fund are classified as restricted assets within the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued and by the bond covenants of the bond issue. Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

Pasquotank County Restricted Cash

Governmental Activities

General Fund:

Debt service reserve	\$ 583,954
Hospital contingency	1,500,608
ARPA funds	3,867,758
Tax revaluation	94,319
Total Governmental Activities	<u>\$ 6,046,639</u>

Business-Type Activities

Water System:

Debt service reserve-current	\$ 659,745
Debt service reserve-per bond covenant	1,134,147
Customer deposits	89,750

Landfill Fund:

Customer deposits	1,625
Total Business-type Activities	<u>\$ 1,885,267</u>

Total Restricted Cash \$ 7,931,906

4. Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the County levies ad valorem taxes on property other than motor vehicles on July 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. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. Inventories are not maintained in the governmental funds of the County. The governmental funds recognize material and supplies as expenditures at the time of purchase. The inventory of the County's enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed.

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

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

7. Capital assets

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

The County holds title to certain Elizabeth City-Pasquotank 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 Elizabeth City-Pasquotank County Board of Education.

Capital assets and the related accumulated depreciation are reported for the County using the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30 years
Furniture/equipment	5 years
Infrastructure (distribution lines)	50 years
Vehicles	3 - 10 years
Leasehold improvements	10 - 20 years
Computers, etc.	3 years

For the TDA, depreciation is computed by the straight-line method as follows:

	<u>Useful Life</u>
Furniture/equipment	5 years
Website Development	3 years
Computers	3 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – a charge on refunding (Governmental), bond issuance costs (Business-type), pension related deferrals, and contributions made to the pension plan and other post-employment benefits (OPEB) in the current 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 two items that meets the criterion for this category – prepaid taxes and other pension and OPEB 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 on the statements of net position.

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

10. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned. Compensated balances are reported in governmental funds only if they have matured. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity 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:

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

Prepaid items-This item represents funds that have been spent to benefit a future period.

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund

balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

Restricted for health services – portion of fund balance that can only be used to benefit beneficiaries under the Social Security's Representative Payee Program.

Restricted for law enforcement – Portion of fund balance that represents forfeiture money received from Federal or State agencies that must be used for law enforcement activities.

Restricted for emergency telephone system – Portion of fund balance that represents funds received from the State 911 Board for the purpose of enhancing the 911 system.

Committed Fund Balance- Portion of fund balance that can only be used for specific purpose imposed by majority vote of Pasquotank 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 drainage - Portion of fund balance that can only be used for the improvement and maintenance of the Newland drainage district.

Committed for the library - Portion of fund balance that represents funds for the use of the library to purchase books and computers.

Committed for school capital projects - Portion of fund balance that represents unspent funds received from the levy of article 46 sales tax.

Assigned Fund Balance - Portion of fund balance that the Pasquotank County governing board has budgeted.

Subsequent year's expenditures - Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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.

Pasquotank 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.

12. Defined Benefit Pension and OPEB Plans

The County participates in four 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), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"); and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose the HCB recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

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

The governmental fund balance sheet includes a reconciliation between 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 \$(13,234,284) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 81,491,604
Less accumulated depreciation	(45,514,362)
Net pension asset	86,321
Contributions to the pension plan in the current fiscal year	1,365,795
Benefit payments and pension administration costs for LEOSSA	48,682
Contributions to OPEB plan in the current year	240,485
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	404,841
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	1,797,975
Pension related deferrals	2,714,954
OPEB related deferrals	1,795,798

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

Bonds and installment financing	(26,973,320)
Premium on issuance of bonds	(76,152)
Compensated absences	(1,137,685)
Unfunded pension obligation	(1,905,305)
Net pension liability-LGERS	(6,199,415)
Other postemployment benefits	(21,079,107)
Accrued interest payable	<u>(295,393)</u>
Total adjustment	<u>\$ (13,234,284)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$467,066) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 984,905
Cost of disposed asset not recorded in fund statements	(561)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,925,793)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	3,689,905
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,365,795
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 are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(224,261)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	23,203
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	48,682
Other postemployment benefits	(1,022,840)
County's portion of collective pension expense	(2,361,233)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Amortization of charge related to advance refunding	(42,872)
Reversal of deferred inflows of resources – taxes receivable recorded at July 1, 2020	(2,196,422)
Recording of deferred inflows of resources – taxes receivable at June 30, 2021	2,193,091
Reversal of deferred assessments recorded at July 1, 2020	(8,390)

Recording of assessments deferred in the funds statement June 30, 2021
Total adjustment

9,725
\$ (467,066)

Note 2 - Stewardship, Compliance, and Accountability

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

Noncompliance with North Carolina General Statutes

There were no significant violations of finance related legal and contractual provisions at June 30, 2021.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's, the TDA's, and the Hospital'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 TDA's, and Hospital's agents in those unit's 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 TDA, and the Hospital, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, the TDA, or the Hospital or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the TDA, and the Hospital, under the Pooling Method, the potential exists for undercollateralization, 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 TDA, and Hospital rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County's Board of Commissioners has adopted a formal investment policy based on G.S.159-30, but omitting several of the investment options allowed by this statute. The TDA and the Hospital has no formal policy and therefore uses G.S. 159-30 in its entirety.

At June 30, 2021, the County's deposits had a carrying amount of \$19,572,709 and a bank balance of \$20,078,015. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and the rest was covered by collateral held under the pooling method. At June 30, 2021, the County had \$2,925 cash on hand. At June 30, 2021 the Custodial Funds had a carrying amount and bank balance of \$52,028. At June 30, 2021, the TDA's deposits had a carrying value of \$1,184,072 and a bank balance of \$1,122,694. Of the bank balance, \$250,000 was covered by federal depository insurance and \$872,694 was covered by collateral held under the pooling method.

2. Investments

As of June 30, 2021, the County's investments consisted of \$27,472,606 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by

Standard and Poor's.

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. The TDA has no policy with regard to interest rate risk.

Credit Risk. 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. As of June 30, 2021, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. 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. The County's investment in the North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the United States government and agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended. The TDA has no policy with regard to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the County nor the TDA have a policy on custodial credit risk.

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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,584,154	\$ 376,236	\$ 1,960,390
2019	1,586,960	234,076	1,821,036
2020	1,592,375	91,561	1,683,936
2021	<u>1,594,029</u>		<u>1,594,029</u>
Total	\$ <u>6,357,518</u>	\$ <u>701,873</u>	\$ <u>7,059,391</u>

4. Receivables

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

	Accounts	Taxes and Related Accrued Interest	Special Assessments	Due From Other Governments	Other	Total
Governmental Activities:						
General	\$ 2,109,058	\$ 2,436,943	\$ 9,100	\$ 4,701,992	\$ 426,154	\$ 9,683,247
Other governmental			625	28,687	201	29,513
Total Receivables	2,109,058	2,436,943	9,725	4,730,679	426,355	9,712,760
Allowance for Doubtful Accounts	(868,888)	(243,852)				(1,112,740)
Total Governmental Activities	<u>\$ 1,240,170</u>	<u>\$ 2,193,091</u>	<u>\$ 9,725</u>	<u>\$ 4,730,679</u>	<u>\$ 426,355</u>	<u>\$ 8,600,020</u>
Business-type Activities:						
Landfill	\$ 722,098	\$	\$	\$ 32,299	\$	\$ 754,397
Water System	556,077			5,529	468	562,074
Total Receivables	1,278,175			37,828	468	1,316,471
Allowance for Doubtful Accounts	(200,021)					(200,021)
Total Business-type Activities	<u>\$ 1,078,154</u>	<u>\$</u>	<u>\$</u>	<u>\$ 37,828</u>	<u>\$ 468</u>	<u>\$ 1,116,450</u>

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

	Governmental	Business-type
Local option sales tax	\$3,195,464	\$ -
City of Elizabeth City	8,631	4,752
Camden County	2,817	
Currituck County	960	
Federal Emergency Management Agency	275,811	
U.S. Department of Justice	46,700	
State of North Carolina:		
Department of Transportation	260,443	1,852
Department of Public Instruction	16,100	
Department of Environmental Quality		4,505
Department of Revenue	215,235	
Department of Health and Human Services	681,373	
Information Technology Service	27,145	
Solid Waste Disposal Tax		5,216
White Goods Disposal Tax		5,538
Scrap Tire Disposal Tax		15,965
Total	<u>\$4,730,679</u>	<u>\$ 37,828</u>

The TDA's receivable consists of occupancy taxes from local hotels of \$96,990. Management expects this receivable to be collected; therefore, no allowance for doubtful accounts has been recorded.

5. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,641,249	\$	\$	\$ 5,641,249
Construction in progress	-	50,272		50,272
Total assets not being depreciated	5,641,249	50,272	-	5,691,521
Capital assets being depreciated:				
Buildings	55,726,460	101,200		55,827,660
Furniture, fixtures and office equipment	8,987,364	545,838	11,906	9,521,296
Vehicles and motorized equipment	7,751,194	287,595	225,622	7,813,167
Infrastructure	2,637,960			2,637,960
Total assets being depreciated	75,102,978	934,633	237,528	75,800,083
Less accumulated depreciation for:				
Buildings	28,252,350	1,568,593		29,820,943
Furniture and fixtures	7,527,166	622,371	11,906	8,137,631
Vehicles and motorized equipment	5,548,799	607,637	225,061	5,931,375
Infrastructure	1,497,221	127,192		1,624,413
Total accumulated depreciated	42,825,536	\$ 2,925,793	\$ 236,967	45,514,362
Total capital assets being depreciated, net	32,277,442			30,285,721
Governmental activity capital assets, net	\$ 37,918,691			\$ 35,977,242

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

General government	\$701,033
Public safety	1,864,274
Economic development	72,579
Human Services	156,965
Cultural and recreational	130,942
Total depreciation expense	<u>\$2,925,793</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 470,553	\$	\$	\$ 470,553
Construction in progress	18,495	25,296		43,791
Total assets not being depreciated	489,048	25,296	-	514,344
Capital assets being depreciated:				
Buildings and improvements	947,787	83,250		1,031,037
Transfer station	496,970	134,567		631,537
Equipment	964,061			964,061
Vehicles	1,858,534	20,606		1,879,140
Total assets being depreciated	4,267,352	238,423	-	4,505,775
Less accumulated depreciation for:				
Buildings and improvements	530,021	34,395		564,416
Transfer station	439,172	2,990		442,162
Equipment	800,856	45,070		845,926
Vehicles	1,479,618	105,524		1,585,142
Total accumulated depreciated	3,249,667	\$ 187,979	\$ -	3,437,646
Total capital assets being depreciated, net	1,017,685			1,068,129
Landfill capital assets, net	1,506,733			1,582,473
Water System				
Capital assets not being depreciated:				
Land	777,074			777,074
Construction in progress	379,796	69,011	379,796	69,011
Total assets not being depreciated	1,156,870	69,011	379,796	846,085
Capital assets being depreciated:				
Buildings	14,881,284			14,881,284
Plant and distribution	24,826,058	501,553		25,327,611
Equipment	1,072,424	54,860		1,127,284
Vehicles	520,045	191,952	48,473	663,524
Total assets being depreciated	41,299,811	748,365	48,473	41,999,703
Less accumulated depreciation for:				
Buildings	5,124,950	449,065		5,574,015
Plant and distribution	13,769,947	721,228		14,491,175
Equipment	920,352	58,537		978,889
Vehicles	491,757	41,380	48,473	484,664
Total accumulated depreciated	20,307,006	\$ 1,270,210	\$ 48,473	21,528,743
Total capital assets being depreciated, net	20,992,805			20,470,960
Water system capital assets, net	22,149,675			21,317,045
Business-type activities capital assets, net	\$ 23,656,408			\$ 22,899,518

Discretely presented component units:

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Construction in progress	\$	\$ 94,998	\$	\$ 94,998
Total assets not being depreciated	-	94,998	-	94,998
Capital assets being depreciated:				
Office equipment and furniture	15,396		1,500	13,896
Computer software and website	35,917			35,917
Sign	1,043			1,043
Kiosk	5,000			5,000
Total assets being depreciated	57,356	-	1,500	55,856
Less accumulated depreciation for:				
Office equipment and furniture	9,543	1,802	1,500	9,845
Computer software and website	3,791	2,395		6,186
Sign	0	104		104
Kiosk	5,000			5,000
Total accumulated depreciated	18,334	\$ 4,301	\$ 1,500	21,135
Total capital assets being depreciated, net	39,022			34,721
Governmental activity capital assets, net	\$ 39,022			\$ 129,719

Depreciation expense in the amount of \$4,301 was charged to Administration and Operations of the TDA.

B. Liabilities

1. Payables

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

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental activities:					
General	\$ 255,348	\$ 489,352	\$ 295,393	\$ 509,736	\$ 1,549,829
Other governmental	5,259			2,908	8,167
Total governmental activities	\$ 260,607	\$ 489,352	\$ 295,393	\$ 512,644	\$ 1,557,996
Business-type activities:					
Landfill	\$ 145,692	\$ 43,882	\$	\$ (1,225)	\$ 188,349
Water system	39,738	34,858	2,340	522	77,458
Total business-type activities	\$ 185,430	\$ 78,740	\$ 2,340	\$ (703)	\$ 265,807

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Pasquotank County, the TDA, and the Hospital participate in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit

provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which 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.

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. Plan members are required to contribute six percent (6%) of their annual covered salary. The County and the TDA are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 10.24% and 10.84%, respectively, of annual covered payroll. For the library employees, the current rate for employees not engaged in law enforcement is 10.25% of annual covered payroll. For the emergency medical services employees, the current rate for employees not engaged in law enforcement is 10.19%. The County's contributions to LGERS for the years ended June 30, 2021, was \$1,490,213. The TDA's contractually required contribution rate for the year ended June 30, 2021 was 12.42%. The TDA's contributions to LGERS for the year ended June 30, 2021 was \$18,325. The County's contributions for the library employees to LGERS for the year ended June 30, 2021 was \$37,735. The contributions made by the County and the TDA equaled the required contributions for each year.

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 \$6,888,850 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 asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability 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 .1928% (measured as of June 30, 2020), which was an increase of .0026% from its proportion measured as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$2,420,682. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 869,941	\$ -
Changes of assumptions	512,665	
Net difference between projected and actual earnings on pension plan investments	969,421	
Changes in proportion and differences between County contributions and proportionate share of contributions	184,861	151,840
County contributions subsequent to the measurement date	1,527,948	
Total	\$ 4,064,836	\$ 151,840

\$1,527,948 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 of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 682,723
2023	887,278
2024	528,150
2025	286,897
2026	-
Thereafter	-

At June 30, 2021, the TDA reported a liability of \$67,538 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 Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the

pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Authority's proportion was .00189% which was an increase of .00089% from its proportion as of June 30, 2019.

For the year ended June 30, 2021, the TDA recognized pension expense of \$31,453 (fund basis) and deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,529	\$ -
Changes of assumption	5,026	-
Net difference between projected and actual earnings on pension plan investments	9,504	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	14,731	6,337
Authority contributions subsequent to measurement date	18,325	-
Total	<u>\$ 56,115</u>	<u>\$ 6,337</u>

\$18,325 reported as deferred outflows of resources related to pensions resulting from the TDA contributions subsequent to the measurement date will be recognized as a decrease 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:

Year Ended June 30:

2022	\$ 9,737
2023	11,690
2024	7,213
2025	2,813
2026	-
Thereafter	-

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

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

The plan 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 measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 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 Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease <u>(6.00%)</u>	Discount Rate (7.00%)	1% Increase <u>(8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$13,976,727	\$ 6,888,850	\$ 998,326
TDA's proportionate share of the net pension liability (asset)	\$ 137,027	\$ 67,538	\$ 9,788

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Pasquotank County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan of which no stand-alone financial report is issued, 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 credible service or have attained 55 years of age and have completed five or more years of credible service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time 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	5
Active plan members	<u>47</u>
Total	<u>52</u>

A separate report was issued for the plan.

2. Summary of Significant Accounting Policies

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

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

3. 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%	per annum
Salary increases	3.25 - 7.75%	per annum
Discount rate	1.93%	per annum, compounded annually

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

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.

Mortality Rate

Deaths After Retirement (Healthy): Mortality rates are based on the RP-2019 Total Data Set for Healthy Annuitants Mortality Table. The RP-2019 annuitant tables have no rates prior to age 50. The RP-2019 Total Data Set Employee Mortality Table is used for ages less than 50.

Deaths After Retirement (Disabled): Mortality rates are based on the RP-2019 Total Data Set for Disabled Annuitants Mortality Table. Rates for male members are multiplied by 103% for all ages. Rates for female members are multiplied by 99% for all ages.

Deaths Before Retirement: Mortality rates are based on the RP-2019 Total Data Set Employee Mortality Table.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$91,011 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 \$1,905,305. The total pension liability was measured as of June 30, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$235,787.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 175,239	\$ 40,819
Changes of assumptions	487,777	25,503
County benefit payments and administrative expenditures paid subsequent to the measurement date	48,682	
Total	<u>\$ 711,698</u>	<u>\$ 66,322</u>

The County paid \$48,682 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 131,382
2023	121,264
2024	108,285
2025	117,308
2026	98,714
Thereafter	19,741

Sensitivity of the County's total pension liability to changes in the discount rate. The following represents 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:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 2,068,814	\$ 1,905,305	\$ 1,755,601

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

	2021
Beginning balance	\$ 1,275,630
Service cost	63,513
Interest on the total pension liability	40,183
Change in benefit terms	-
Difference between expected and actual experience	84,666
Changes in assumptions and other inputs	527,359
Benefit payments	(86,046)
Other changes	-
Ending balance of the total pension liability	<u>\$ 1,905,305</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. There are no changes in benefit terms since the prior measurement date. The plan currently uses mortality tables that vary by age, 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, 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 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 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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$173,372 which consisted of \$121,980 from

the County and \$51,392 from the law enforcement officers.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the County. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the County's Deferred Compensation Plan is no longer reported within the County's Agency Funds.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Pasquotank County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the 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 the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, NC 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 \$4,400 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$86,321 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, 2021, the County's proportion was .377%, an increase of .029% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$(5,620). 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	\$ -	\$ 1,759
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		7,386
Changes in proportion and differences between County contributions and proportionate share of contributions	5,295	3,673
County contributions subsequent to the measurement date	4,400	
Total	<u>\$ 9,695</u>	<u>\$ 12,818</u>

The \$4,400 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:

Year ended June 30:

2022	\$ (474)
2023	(1,855)
2024	(3,333)
2025	(1,861)
2026	-
Thereafter	-

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. 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 employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$ 73,319	\$ 86,321	\$ 97,323

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.

f. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and ROD was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for the LEOSA 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:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 6,888,850	\$ (86,321)	-	\$ 6,802,529
Proportion of the Net Pension Liability (Asset)	0.1928%	(0.377%)	N/A	
Total Pension Liability	-	-	1,905,305	\$ 1,905,305
Pension Expense	\$ 2,420,682	\$ (5,620)	235,787	\$ 2,650,849

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 869,941	\$ -	\$ 175,239	\$ 1,045,180
Changes of assumptions	512,665		487,777	1,000,442
Net difference between projected and actual earnings on pension plan investments	969,421			969,421
Changes in proportion and differences between County contributions and proportionate share of contributions	184,861	5,295		190,156
County benefit payments and administrative cost paid subsequent to the measurement date	1,527,948	4,400	48,682	1,581,030
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ -	\$ 1,759	\$ 40,819	\$ 42,578
Changes of assumptions			25,503	25,503
Net difference between projected and actual earnings on pension plan investments		7,386		7,386
Changes in proportion and differences between County contributions and proportionate share of contributions	151,840	3,673		155,513

g. Other Postemployment Benefits

Health Care Benefits

Plan Description. Under a County resolution, Pasquotank County administers the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan. The Board of County Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. To qualify for benefits retirees of the County must meet any of the unreduced retirement options available through the North Carolina Local Government Retirement System (System) and have twenty-five years of continuous service with the County and retire. The County pays the full cost of the coverage of these benefits. Currently forty-one retirees are eligible for postretirement health benefits. Employees hired on or after January 1, 2015, who meet any of the unreduced retirement options available through the North Carolina Local Government Retirement System (System) and have twenty-five years of continuous service with the County and retire, will be eligible for coverage up until eligible for Medicare. For the fiscal year ended June 30, 2021, the County made payments for postretirement health benefit premiums of \$309,609.

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

	<u>2021</u>	<u>2020</u>
Retirees and dependents receiving benefits	36	36
Retirees entitled to, but not yet receiving benefits	3	3
Active plan members	313	313
Total	<u>352</u>	<u>352</u>

Total OPEB Liability

The County's total OPEB liability of \$23,314,683 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%
Salary increases	3.50% - 7.75%, including inflation
Discount rate	2.21%
Healthcare cost trend rates	Pre-Medicare – 7.00%
	Medicare – 4.50%

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 17,735,917
Changes for the year	
Service cost	638,775
Interest	638,553
Changes of benefit terms	-
Differences between expected and actual experience	(137,631)
Changes in assumptions or other inputs	4,701,981
Benefit payments	(262,912)
Net changes	<u>\$ 5,578,766</u>
Balance at June 30, 2021	<u>\$ 23,314,683</u>

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

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 as of December 31, 2014, adopted by LGERS.

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

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 28,201,662	\$ 23,314,683	\$ 19,542,716

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 18,981,444	\$ 23,314,683	\$ 29,092,478

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 \$1,402,641. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 429,910
Changes of assumptions	4,138,194	1,712,952
Benefit payments and administrative costs made subsequent to the measurement date	319,069	
Total	<u>\$ 4,457,263</u>	<u>\$ 2,142,862</u>

\$319,069 reported as deferred outflows of resources related to OPEB resulting from County benefit payments made subsequent to the measurement date will be recognized as a decrease of 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 pension expense as follows:

Year ended June 30:

2022	\$ 115,853
2023	115,853
2024	115,853
2025	115,853
2026	335,489
Thereafter	1,196,431

h. Other Employment Benefits

The County and the Hospital have 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. All death benefit payments are made from the Death Benefit Plan. The County and the Hospital have no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considered these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,138,636	\$ 1,738,455
Pensions/OPEB-difference between expected and actual experience		472,488
LGERS	869,941	
Register of Deeds		
LEOSSA	175,239	
Pensions-difference between projected and actual investment earnings	969,421	7,386
Pensions-change in proportion and difference between employer contributions and proportionate share of contributions	190,156	155,513
Contributions to pension plan in 19-20 fiscal year	1,532,348	
Benefit payments and administration costs paid subsequent to the measurement date (LEOSSA)	48,682	
Benefit payments paid subsequent to the measurement date (OPEB)	319,069	
Prepaid taxes not yet earned (General)		140,466
Prepaid solid waste fess not yet earned (Landfill)		288
Total	\$ 9,243,492	\$ 2,514,596

4. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property insurance coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general liability coverage of \$2 million per occurrence, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$500,000 up to a \$2 million limit for general liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property coverage, and single occurrence losses of \$350,000 for workers' compensation.

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

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

The County also participates in the Teachers' and State Employee's Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the County are eligible to receive health care benefits up to a \$5 million lifetime limit. The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

Albemarle Hospital Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical malpractice. The Hospital carries commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority is currently covered under a claims-made policy for the purpose of providing professional and patient care liability insurance. The total limits of coverage are \$1,000,000 per claim and \$3,000,000 in the aggregate.

5. 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 position.

The Hospital is involved in litigation arising in the ordinary course of business, which may include professional liability claims. Incidents occurring through September 30, 2014 may result in assertion of a claim. Other claims may be asserted arising from past services provided. Hospital management believes these claims, if asserted, would be settled within the limits of its insurance coverage.

6. Long-term Obligations

a. General Obligation Indebtedness

General obligation bonds financed by the governmental funds are collateralized by the full faith, credit and taxing power of the County. Principal and interest requirements are appropriated when due. Pasquotank County had no general obligation bonds outstanding at June 30, 2021.

At June 30, 2021 Pasquotank County had a legal debt margin of \$246,442,165.

b. Revenue Bonds

Revenue bonds payable at June 30, 2021 are comprised of the following individual issues:

Primary Government - Water System Fund

\$16,500,000 Water and Sewer Revenue Bonds issued September 30, 2009. Due September and March in various installments through September 2029. Interest rate is 2.99 percent. \$ 8,457,331

In September 2009, the County issued \$16,500,000 of direct placement Water and Sewer Revenue Bonds. The proceeds were used to finance a reverse osmosis water treatment plant. In December of 2010, the County was able to have the rate adjusted from 5.02% to 4.37%. In June 2016, the County was able to have the interest rate adjusted from 4.37% to 2.99%. In June of 2021, the County was able to have the rate adjusted from 2.99% to 2.02%. The combination of these three rate adjustments will result in a total savings of interest over the life of the debt of approximately \$2,375,000. Interest and principal payments are due semi-annually on September 15 and March 15,

beginning September 15, 2009, through September 15, 2029. The County has pledged future water and sewer customer revenues, net of specific operating expenses, to repay the \$16,500,000. The taxing power of the County is not pledged for the payment of principal and interest on the revenue bonds, and no owner of a bond has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property.

Certain financial covenants are contained in the Series 2009 Bond agreements, among the most restrictive of which provide that the Water System Fund maintain a one hundred twenty per centum (120%) of the principal and interest requirements for the current fiscal year. The rates, fees and charges for the use and for the services and facilities furnished shall be revised from time to time to produce sufficient revenues to comply with this requirement. As of June 30, 2021 the Water System's Revenue Bond Coverage was at one hundred and seventy-three per centum (1.28%).

Year ending June 30	Principal	Interest	Total
2022	\$ 963,500	\$ 118,303	\$ 1,081,803
2023	935,127	146,677	1,081,804
2024	954,111	127,692	1,081,803
2025	973,482	108,321	1,081,803
2026	993,246	88,558	1,081,804
2027- 2030	3,637,865	148,447	3,786,312
Total	<u>\$ 8,457,331</u>	<u>\$ 737,998</u>	<u>\$ 9,195,329</u>

c. Certificates of Participation

On December 9, 2004, the County issued \$14,280,000 of direct placement tax-exempt Certificates of Participation to finance the construction of a new middle school. Interest at varying rates from 3.00% to 5.00% is payable semiannually on December 1 and June 1. Principal payments are due annually on June 1, with final principal payments due June 1, 2030. A majority, \$10,970,000, of these bonds were advance refunded in December 2012 and January 2013. The projected interest savings to the County will be approximately \$2,000,000 over the life of the debt.

d. Advance Refundings

Series 2013

On January 23, 2013 the County borrowed \$6,195,123 through a bank qualified loan with BB&T at an interest rate of 2.59% to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources to provide for the future payments of principal and interest to the bond holders. As a result the refunded Certificates of Participation are considered defeased and the liability has been removed from the governmental activities column of the statement of position. The first principal payment was due on June 1, 2015, with interest only payments beginning December 1, 2013. The outstanding balance at June 30, 2021 is \$4,948,973.

The Series 13 is a direct borrowing which is secured by Elizabeth City Middle School.

Year Ending June 30	Series 2013	Interest	Total
2022	\$ 851,936	\$ 128,178	\$ 980,114
2023	841,251	106,113	947,364
2024	830,289	84,325	914,614
2025	819,044	62,820	881,864
2026	807,507	20,804	828,311
2027	798,946	20,693	819,639
Total	<u>\$ 4,948,973</u>	<u>\$ 422,933</u>	<u>\$ 5,371,906</u>

e. Installment Purchases

The following installment purchase contracts are considered direct borrowings and are comprised of the following at June 30, 2021:

General Fund

A \$10,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a public safety building and a new library. The property is pledged as collateral for the debt while the debt is outstanding. The note is payable in forty semi-annual payments of \$250,000 principal and interest at 3.87% beginning January 11, 2006. \$ 2,250,000

A \$3,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a public safety building and a new library. The property is pledged as collateral for the debt while the debt is outstanding. The note is payable in forty semi-annual payments of \$75,000 principal and interest at 4.17% beginning July 11, 2006 750,000

A \$7,000,000 direct borrowing installment purchase contract from PNC Bank for construction of a new jail. The property is pledged as collateral while the debt is outstanding. The note is payable in forty semi-annual payments of \$175,000 principal and interest at 4.32%, beginning May 21, 2007. 1,925,000

A \$6,300,000 direct borrowing installment purchase contract from SunTrust Leasing Corp for a two-story addition to Building A on the Elizabeth City campus of College of the Albemarle (68%) and to renovate the former library building and courthouse (32%). Building A is pledged as collateral while the debt is outstanding. The note is payable in forty semi-annual payments of \$157,500 principal and interest at 2.76%, beginning October 25, 2007. 1,890,000

A \$12,000,000 direct borrowing installment purchase contract from the United States Department of Agriculture Rural Development for construction of a new jail. The property is pledged as collateral while the debt is outstanding. The note is payable in forty annual payments of \$583,920 of principal and interest at 3.75% beginning December 28, 2011. 10,409,800

A \$2,447,000 direct borrowing installment purchase contract from PNC Bank for roof replacement and final payment for the construction of a new jail. Property at 1205 McPherson Street is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$122,350 principal and interest at 2.58%, beginning June 15, 2012. 122,350

A \$870,000 direct borrowing installment purchase contract from BB&T for replacing a portion of the high school's roof, to update the fire alarm system at an elementary school, (74.37%) and to replace the HVAC piping system at a County building (25.63%). Property located at 709 Roanoke Avenue is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$43,500 principal and interest at 2.29% beginning December 17, 2014. 261,000

A \$468,000 direct borrowing installment purchase contract from BB&T for five patrol cars, one quick response vehicle, two fleet vehicles and an ambulance. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten equal semi-annual payments of \$49,465 including interest at 2.04% beginning July 17, 2020. 378,160

A \$490,000 direct borrowing installment purchase contract from Xenith Bank for a bookmobile, patrol cars, ambulance remount, animal control truck, and a quick response vehicle. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten equal semi-annual payments of \$51,759 including interest at 1.99% beginning August 20, 2018. 177,478

A \$300,000 direct borrowing installment purchase contract from BB&T for chrome books and charging carts for the school system. The chrome books are pledged as collateral while the debt is outstanding. The note is payable in ten equal semi-annual payments of \$31,759 including interest at 2.10% beginning February 28, 2018. 93,312

A \$805,000 direct borrowing installment purchase contract with TowneBank for the purchase of a fire truck, patrol cars, two ambulances and a fleet vehicle. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten semi-annual payments of \$84,824 including interest at 1.90% beginning July 2017. 166,997

A \$435,000 direct borrowing installment purchase contract with TowneBank for the purchase of patrol cars and equipment, an ambulance and a vehicle for inspections. The vehicles are pledged as collateral while the debt is outstanding. The note is payable in ten semi-annual payments of \$45,974 including interest at 2.01% beginning August 2019. 266,250

A \$1,300,000 direct borrowing installment purchase contract with TowneBank for the HVAC replacement at Northside Elementary School. The property is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$65,000 principal and interest at 2.93%, beginning November 2019. 1,040,000

A \$2,490,000 direct borrowing installment purchase contract with TowneBank for various school capital projects which include HVAC, replacement new chiller, and two roof replacements. J.C. Sawyer Elementary School is pledged as collateral while the debt is outstanding. The note is payable in twenty semi-annual payments of \$124,500 principal and interest at 2.32%, beginning November 2017. 1,494,000

Total General Fund \$ 21,224,347

Total Direct Borrowing Installment Purchases \$ 21,224,347

Debt service requirements to maturity are as follows:

Governmental Activities:

Year ending June 30	Principal	Interest	Total
2022	\$ 2,604,349	\$ 722,253	\$ 3,326,602
2023	2,273,043	642,880	2,915,923
2024	2,175,322	568,727	2,744,049
2025	2,007,556	496,828	2,504,384
2026	1,668,222	428,093	2,096,315
2027 – 2031	2,382,723	1,700,897	4,083,620
2032 – 2036	1,507,100	1,412,500	2,919,600
2037 – 2041	1,811,685	1,107,915	2,919,600
2042 – 2046	2,177,826	741,774	2,919,600
2047 – 2051	2,616,521	301,635	2,918,156
Total	<u>\$ 21,224,347</u>	<u>\$ 8,123,502</u>	<u>\$ 29,347,849</u>

f. Qualified School Construction Bonds

Qualified School Construction Bonds (QSCBs) are a United States debt instrument created by Section 1521 of the American Recovery and Reinvestment Act of 2009 and are covered under Section 54F of the Internal Revenue Service code. Elizabeth City-Pasquotank School System along with Pasquotank County; applied for and received approval for Qualified School Construction Bonds in the amount of \$2,000,000 to finance the replacement of the heating, ventilation and air-conditioning systems or equipment at several schools and the resurfacing of the tennis courts and track at the high school. Principal and interest payments at 4.91% are due annually beginning on December 15, 2012 and ending on December 15, 2026. QSCBs allow Counties to borrow at zero percent interest. The County must first make the interest payment and then request a refund of the interest paid. The balance at June 30, 2021 is \$800,000. The bonds are secured by Northeastern High School and Central Elementary School.

Debt service requirements to maturity are presented in the following table:

Year ending June 30	Principal	Interest	Total
2022	\$ 133,333	\$ 39,280	\$ 172,613
2023	133,333	32,733	166,066
2024	133,333	26,187	159,520
2025	133,333	19,640	152,973
2026	133,333	13,093	146,426
2027	133,335	6,546	139,881
Total	<u>\$ 800,000</u>	<u>\$ 137,479</u>	<u>\$ 937,479</u>

Debt Related to Capital Activities – Of the total Governmental Activities debt listed only \$17,117,729 relates to assets the County holds title to. Debt in the amount of \$9,855,591 relates to assets in which the County does not hold title to. Unamortized bond refunding differences and unamortized premium on Certificate of Participation are both related to assets in which the County does not hold title to.

g. 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:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Current Portion of Balance
Governmental Activities:					
Direct borrowing installment purchase	\$ 23,935,751	\$	\$ 2,711,404	\$ 21,224,347	\$ 2,604,349
Advance refunding	5,794,141		845,168	4,948,973	851,936
Qualified School Construction Bonds	933,333		133,333	800,000	133,333
Unamortized premium on COPs	87,869		11,717	76,152	11,716
Compensated absences	913,424	821,046	596,785	1,137,685	595,000
Post employment benefits	16,018,457	5,060,650		21,079,107	
Net pension liability (LGERS)	4,686,486	1,512,929		6,199,415	
Total pension liability (LEOSSA)	1,275,630	629,675		1,905,305	
Total governmental activities	<u>\$ 53,645,091</u>	<u>\$ 8,024,300</u>	<u>\$ 4,298,407</u>	<u>\$ 57,370,984</u>	<u>\$ 4,196,334</u>
Business-type activities					
Revenue bonds	\$ 9,319,228	\$	\$ 861,897	\$ 8,457,331	963,500
Post employment benefits	1,717,460	518,116		2,235,576	
Net pension liability (LGERS)	507,727	181,708		689,435	
Compensated absences	117,271	93,160	57,999	152,432	57,000
Total business-type activities	<u>\$ 11,661,686</u>	<u>\$ 792,984</u>	<u>\$ 919,896</u>	<u>\$ 11,534,774</u>	<u>\$ 1,020,500</u>

For the governmental activities, claims and judgments and compensated absences are generally liquidated in the General Fund. The net pension obligation and the post-employment benefits for the governmental activities are liquidated in the General Fund.

C. **Interfund Balances and Activity**

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

From the Landfill Fund to the Capital Reserve fund to accumulate resources for the future needs of the Landfill Fund	\$100,000
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D. **Net Investment in Capital Assets**

	Governmental	Business-type
Capital Assets	\$ 35,977,242	\$ 22,899,518
less: long-term debt	(17,117,729)	(8,457,331)
Net investment in capital assets	<u>\$ 18,859,513</u>	<u>\$ 14,442,187</u>

E. **Fund Balance**

Pasquotank 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, 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	\$ 30,956,934
Less:	
Prepaid items	39,043
Register of deeds	50,966
Stabilization by State Statute	6,524,986
Appropriated Fund Balance in 2021-22 Budget	796,800
Tax Revaluation	94,319
School capital needs	4,242,530
Remaining Fund Balance	19,208,290

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

Encumbrances	General Fund	Non-Major Funds
	\$ 156,670	\$ -0-

Note 4 - Jointly Governed Organizations

Albemarle Commission
Albemarle District Jail Commission
Albemarle Mental Health Center
Inter-County Public Transport Authority
Albemarle Regional Health Services

Services of the above agencies are shared with other Counties in the surrounding area. Each County's contribution to these agencies is based on a per capita assessment based on the most recent census figures available, and each County appoints one or more members to the Boards of these agencies. Pasquotank County does not have significant influence over the above agencies, and they in turn are not dependent upon the County to a degree sufficient to justify the inclusion of the agencies as a part of the County reporting entity.

Note 5 - Joint Ventures

Elizabeth City-Pasquotank County Regional Airport

The Elizabeth City-Pasquotank County Regional Airport was created in March of 1987 by the City and the County to operate the municipal airport. The City Council and the Board of commissioners each appoint two members of the Airport's governing board; appointment of a fifth member, the chairperson, is alternated between the City and County. All appointments are for two years. The County has an ongoing financial responsibility because it and the City are legally obligated under H.B. 769 Chapter 198 for any operating deficits on a 50/50 basis. The participating governments do not have any equity interest in the Airport, so no equity interest has been reflected in the financial statements at June 30, 2021. Financial statements for the Airport may be obtained at the Airport's office at 1028 Consolidated Road, Elizabeth City, North Carolina, 27909.

Pasquotank County ABC Board

The Pasquotank County ABC Board is a corporate body with powers outlined by G. S. 18B-701. The Pasquotank County Commissioners and the Elizabeth City Council each appoint two members to the ABC Board; the fifth member is appointed jointly by the City and the County. The ABC Board may borrow money in accordance with G.S. 18B-702(b) and the County and City are not responsible for any deficits incurred by

the ABC Board. A special act, H.B. 545 Chapter 370 of the North Carolina Legislature, General Assembly of 1947, gives the Pasquotank County ABC Board the authority to divide its profits equally between Pasquotank County and Elizabeth City. There are no ongoing financial interest or responsibilities. Financial statements may be obtained at the ABC Board at 225 South Hughes Boulevard, Elizabeth City, North Carolina, 27909.

Elizabeth City-Pasquotank County Economic Development Commission

The Elizabeth City-Pasquotank County Economic Development Commission is an independent entity formed in 1976 for the purpose of coordinating City and County efforts to attract new industry to the area. The City and County contributed equal amounts to the Commission to purchase and improve 41.4 acres of land for an industrial park, located within the city limits. Proceeds from sales of this property are returned to the City and County on a 50/50 basis. The City and County make annual contributions to the Commission for operating expenses. The County has an ongoing financial responsibility for the joint venture because the Elizabeth City-Pasquotank County Economic Development Commission's continued existence depends on the participating governments' continued financing. The participating governments do not have any equity interest in the Elizabeth City-Pasquotank County Economic Development Commission, so no equity interest has been reflected in the financial statements at June 30, 2021.

In November 1985, the City and County purchased 52.01 acres of land for a second industrial park located outside the corporate city limits. Total cost of this site was \$261,375. Purchase and improvement costs and proceeds from sales are shared equally by the City and County. Pasquotank County contributed \$105,172 and \$105,172 during the years ended June 30, 2021 and 2020, respectively, towards the operating expenses of the Albemarle Economic Development Commission. Financial statements for the Albemarle Economic Development Commission may be obtained at the Commission's office at 405 East Main Street, Elizabeth City, North Carolina, 27909.

Note 6 - Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2021, the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for debt related to public school capital projects.

Note 7 - Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

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.

Note 8 – Lease Agreement

Effective March 1, 2014, the Albemarle Hospital Authority entered into a long-term lease agreement, as well as associated ancillary agreements (collectively, the "Lease Agreement"), with Sentara Healthcare ("Sentara") and a wholly owned subsidiary of Sentara, Sentara Albemarle Regional Medical Center ("SARMC"). Pursuant to the Lease Agreement, as of March 1, 2014, the Authority transferred all operating rights, obligations and benefits associated with the Authority's facilities, clinics and operations, as well as certain assets and liabilities associated with the Authority, to SARMC, all subject to the terms of the related transactional documents. Consequently, as of March 1, 2014, the Authority is no longer the operator of the health system known as "Albemarle Health".

As of January 29, 2021, the lease was amended where by SARMC agrees to build a new hospital within five years. Prepayment of the existing lease, \$38,000,000, was placed in escrow and is held by a trustee. The County will receive their lease payment of \$1,139,000 and the \$450,000 health services contribution from the escrow account annually until the new hospital is occupied. The remaining escrow funds will then be disbursed to the County. The balance in the escrow account at June 30, 2021, was \$35,765,732.

Note 9 – Residual Equity Transfer

During the year, Friends of the Library, requested that their funds as of July 1, 2020, be transferred to the General Fund for support of the Pasquotank County Library. The amount of \$1,306 was transferred as an equity transfer.

Note 10 – Change in Accounting Principal

The County implemented 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)	
\$ -	\$ -	\$ -	\$ 15,737	Cash, and liabilities related to inspection fees the County collects on behalf of Albemarle Regional Health Department were reclassified out of the Agency Fund into a newly created Health Department Fee Fund. The portion of liabilities attributable to inspection fees at the beginning of the year were restated as custodial net position.
-	-	-	984,848	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 Fund. The portion of liabilities attributable taxes receivable at the beginning of the year were restated as custodial net position.
6,328	-	6,328	-	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.
-	-	-	-	Cash and receivables from fines and forfeitures net of liabilities owed to the Elizabeth City-Pasquotank County Board of Education were reclassified out of the Agency Fund into a newly created Fines and Forfeitures Special Revenue Fund. The portion of liabilities in the Agency Fund representing receivables that were uncollected at the beginning of the year were restated as fund balance.
-	-	-	-	Cash and liabilities related to deed of trust fees collected required to be remitted to the State of North Carolina were reclassified out of the Agency Fund into a newly created Deed of Trust Special Revenue Fund. The reclassifications did not result in a restatement of fund balance.
\$ 6,328	\$ -	\$ 6,328	\$ 1,000,585	

REQUIRED SUPPLEMENTAL FINANCIAL DATA

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-1

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017
Beginning balance	\$ 1,275,630	\$ 1,116,923	\$ 1,204,649	\$ 960,061	\$ 918,724
Service Cost	63,513	49,671	52,481	48,979	51,533
Interest on the total pension liability	40,183	39,301	37,315	36,415	32,464
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	84,666	108,274	(86,515)	116,337	-
Changes of assumptions or other inputs	527,359	35,935	(43,392)	76,193	(23,933)
Benefit payments	(86,046)	(74,474)	(47,615)	(33,336)	(18,727)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 1,905,305</u>	<u>\$ 1,275,630</u>	<u>\$ 1,116,923</u>	<u>\$ 1,204,649</u>	<u>\$ 960,061</u>

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-2

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

For the Year Ended June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 1,905,305	\$ 1,275,630	\$ 1,116,923	\$ 1,204,649	\$ 960,061
Covered payroll	2,301,781	1,958,464	1,960,789	2,090,898	1,886,349
Total pension liability as a percentage of covered payroll	82.78%	65.13%	56.96%	57.61%	50.90%

Notes to the schedules:

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-3

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 638,775	\$ 669,529	\$ 713,198	\$ 812,540
Interest	638,553	659,671	602,282	531,286
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(137,631)	(331,460)	(41,320)	(60,948)
Changes of assumptions	4,701,981	(116,316)	(1,062,021)	(1,891,629)
Benefit payments	<u>(262,912)</u>	<u>(205,284)</u>	<u>(139,579)</u>	<u>(108,639)</u>
Net change in total OPEB liability	5,578,766	676,140	72,560	(717,390)
Total OPEB liability - beginning	<u>17,735,917</u>	<u>17,059,777</u>	<u>16,987,217</u>	<u>17,704,607</u>
Total OPEB liability - ending	<u><u>\$ 23,314,683</u></u>	<u><u>\$ 17,735,917</u></u>	<u><u>\$ 17,059,777</u></u>	<u><u>\$ 16,987,217</u></u>

Notes to Schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-4

**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	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.193%	0.190%	0.187%	0.194%	0.188%	0.176%	0.176%	0.180%
County's proportionate share of the net pension liability (asset)	\$ 6,888,850	\$ 5,194,213	\$ 4,446,955	\$ 2,972,033	\$ 3,997,841	\$ 790,867	\$ (1,035,948)	\$ 2,180,540
County's covered payroll	\$ 13,481,765	\$ 12,969,943	\$ 12,530,043	\$ 12,478,909	\$ 12,060,605	\$ 10,815,619	\$ 10,347,999	\$ 9,876,047
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	51.09%	40.05%	34.29%	23.82%	33.15%	7.31%	(10.01%)	22.79%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	91.63%	94.18%	91.47%	98.09%	98.79%	102.64%	94.35%

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-5

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS

Local Government Employees' retirement system

Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,527,949	\$ 1,232,971	\$ 1,029,926	\$ 955,624	\$ 930,865	\$ 825,529	\$ 767,841	\$ 735,202
Contributions in relation to the Contractually required contribution	1,527,949	1,232,971	1,029,926	955,624	930,865	825,529	767,841	735,202
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 14,734,797	\$ 13,481,765	\$ 12,969,943	\$ 12,530,043	\$ 12,478,909	\$ 12,060,605	\$ 10,815,619	\$ 10,347,999
Contributions as a percentage of covered payroll	10.37%	9.15%	7.94%	7.63%	7.46%	6.38%	7.10%	7.10%

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-6

**SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)**

Register of Deeds' Supplemental Pension Fund

Last Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.377%	0.348%	0.402%	0.402%	0.424%	0.412%	0.423%	0.422%
County's proportionate share of the net pension liability (asset)	\$ (86,321)	\$ (68,631)	\$ (66,633)	\$ (68,687)	\$ (79,228)	\$ (95,458)	\$ (95,907)	\$ (90,047)
County's covered payroll	\$ 59,980	\$ 67,126	\$ 66,756	\$ 65,756	\$ 62,788	\$ 55,319	\$ 54,264	\$ 53,729
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(143.91%)	(102.24%)	(99.81%)	(102.89%)	(126.18%)	(172.56%)	(176.74%)	(167.59%)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%	188.75%

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule A-7

SCHEDULE OF THE COUNTY'S CONTRIBUTIONS

Register of Deeds' Supplemental Pension Fund

Last Eight Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,400	\$ 3,606	\$ 3,304	\$ 3,443	\$ 3,496	\$ 3,462	\$ 3,296	\$ 3,455
Contributions in relation to the Contractually required contribution	4,400	3,606	3,304	3,443	3,496	3,462	3,296	3,455
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 63,434	\$ 59,980	\$ 67,126	\$ 66,756	\$ 65,756	\$ 62,788	\$ 55,319	\$ 54,264
Contributions as a percentage of covered payroll	6.94%	6.01%	4.92%	5.16%	5.32%	5.51%	5.96%	6.37%

MAJOR GOVERNMENTAL FUND

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

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

Page 1 of 9

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Ad valorem taxes:			
Taxes	\$ 24,824,000	\$ 25,521,076	\$ 697,076
Taxes, prior years	725,044	732,042	6,998
Loss of present-value exemption	6,000	7,721	1,721
Advertising fees	6,000	3,604	(2,396)
Penalties and interest	160,000	168,038	8,038
Total	25,721,044	26,432,481	711,437
Local option sales taxes:			
Article 39 one percent	4,836,446	4,941,114	104,668
Article 40 one-half of one percent	2,433,000	2,743,090	310,090
Article 42 one-half of one percent	2,382,185	2,756,054	373,869
Article 44 one-half of one percent-HB 524	14,030	16,050	2,020
Article 46 one-fourth of one percent	1,200,000	1,690,478	490,478
Total	10,865,661	12,146,786	1,281,125
Other taxes and licenses:			
Privilege licenses	2,500	2,900	400
Assessments		2,870	2,870
Franchise fees	180,000	153,967	(26,033)
Marriage licenses	6,000	6,475	475
DMV license revocation fees	3,500	2,096	(1,404)
Documentary stamps	205,000	229,941	24,941
Gross receipts tax	99,000	103,651	4,651
In lieu of taxes-Elizabeth City Housing Authority	20,000	32,408	12,408
Real estate transfer tax	1,100,000	2,262,705	1,162,705
Total	1,616,000	2,797,013	1,181,013
Unrestricted intergovernmental revenue:			
Beer and wine tax	95,000	92,853	(2,147)
Tax refunds-sales tax		1,855	1,855
Tax refunds-gasoline	4,000	4,621	621
Total	99,000	99,329	329
Restricted intergovernmental revenue:			
State grants	1,061,079	708,927	(352,152)
Federal grants	6,901,492	6,319,396	(582,096)
Jail-Camden/Perquimans	380,000	391,569	11,569
NC Lottery funds	400,000	410,700	10,700
Court facility fees	50,000	39,728	(10,272)
Total	8,792,571	7,870,320	(922,251)
Restricted other:			
Grants-other	68,000	50,000	(18,000)
Sentara Albemarle Hospital	450,000	450,000	
Total	518,000	500,000	(18,000)

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue (continued):			
Permits and fees:			
Gun Permits	37,000	46,210	9,210
Miscellaneous permits and fees	2,500	4,368	1,868
Officer and sheriff fees	100,000	58,359	(41,641)
Recording Fees	227,000	250,485	23,485
Building permits and inspection fees	95,000	114,566	19,566
Total	461,500	473,988	12,488
Sales and services:			
Ambulance fees	3,345,000	3,360,634	15,634
Jail fees	32,157	36,008	3,851
Rents	1,471,975	1,474,634	2,659
Tax collection fees	120,000	126,682	6,682
Library fees	18,600	5,167	(13,433)
Health Department	70,000	72,384	2,384
Other sales and services	17,500	25,937	8,437
Total	5,075,232	5,101,446	26,214
Investment earnings:	85,300	28,495	(56,805)
Miscellaneous:			
School Security	248,912	269,947	21,035
ABC Board net revenue	200,000	246,035	46,035
Medicaid hold harmless		373,385	373,385
Camden County:			
Central communications	324,110	337,388	13,278
Emergency medical services	562,248	562,248	
City of Elizabeth City:			
Central communications	518,575	515,821	(2,754)
Animal control	136,620	133,983	(2,637)
Law enforcement	2,500	3,288	788
Food stamp claims collections	17,599	11,863	(5,736)
AFDC/TANF/MA/SA/IV-D reimbursements	11,326	4,309	(7,017)
Day care reimbursements	2,100	3,368	1,268
Sale of fixed assets	40,200	31,091	(9,109)
Insurance proceeds	61,189	65,183	3,994
Other	77,350	88,123	10,773
Total	2,202,729	2,646,032	443,303
Total revenues	55,437,037	58,095,890	2,658,853

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	69,975	63,342	6,633
Operating expenditures	26,600	21,144	5,456
Total	96,575	84,486	12,089
Administration:			
Salaries and employee benefits	247,326	247,162	164
Operating expenditures	11,600	9,437	2,163
Total	258,926	256,599	2,327
Information technology:			
Salaries and employee benefits	168,966	134,323	34,643
Operating expenditures	271,462	237,317	34,145
Capital outlay	65,400	33,347	32,053
Total	505,828	404,987	100,841
Election board:			
Salaries and employee benefits	151,811	156,263	(4,452)
Board salaries	15,250	12,860	2,390
Operating expenditures	218,664	213,172	5,492
HAVA grant	80,059	64,504	15,555
Capital outlay	125,000	50,273	74,727
Total	590,784	497,072	93,712
Finance:			
Salaries and employee benefits	200,673	197,955	2,718
Operating expenditures	48,870	46,344	2,526
Total	249,543	244,299	5,244
Tax administration:			
Salaries and employee benefits	559,595	569,396	(9,801)
Operating expenditures	150,100	138,580	11,520
Capital Outlay	30,000	29,923	77
Total	739,695	737,899	1,796
Legal:			
Salaries and employee benefits	208,691	193,849	14,842
Operating expenditures	88,875	73,864	15,011
Total	297,566	267,713	29,853
Register of Deeds:			
Salaries and employee benefits	246,479	248,855	(2,376)
Operating expenditures	14,975	14,944	31
Automation/Preservation	6,000	4,067	1,933
Total	267,454	267,866	(412)

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
General government (continued):			
Human resources:			
Salaries and employee benefits	130,563	131,168	(605)
Operating expenditures	4,150	3,178	972
Total	134,713	134,346	367
Public buildings:			
Salaries and employee benefits	651,770	650,860	910
Operating expenditures	653,043	549,668	103,375
Capital outlay	150,000	101,200	48,800
Total	1,454,813	1,301,728	153,085
Court facilities:			
Operating expenditures	50,000	11,227	38,773
Total	50,000	11,227	38,773
Non-Departmental:			
Workers compensation and liability insurance	205,715	195,850	9,865
Operating expenditures	136,250	133,862	2,388
COVID response	217,722	186,476	31,246
COVID grants	297,950	297,910	40
CARES funds to City of Elizabeth City	450,000	450,000	
Grant-HMGP-Acquisition	538,899	131,771	407,128
Grant-HMGP-Elevation	101,648	945	100,703
Grant-SARF	299,200	31,673	267,527
Grant-COA Boardwalk	260,567	165,671	94,896
Total	2,507,951	1,594,158	913,793
Total general government	7,153,848	5,802,380	1,351,468
Public safety:			
Sheriff:			
Salaries and employee benefits	3,674,483	3,701,092	(26,609)
Operating expenditures	448,900	412,449	36,451
Civil unrest response	125,000	123,640	1,360
Department of Justice grant	58,008	27,727	30,281
Capital outlay	386,084	353,541	32,543
Total	4,692,475	4,618,449	74,026
Animal control:			
Salaries and employee benefits	128,825	121,903	6,922
Operating expenditures	25,714	16,063	9,651
SPCA Contract	130,000	130,000	
Total	284,539	267,966	16,573
Jail:			
Professional services	334,000	253,340	80,660
Juvenile services	70,000	48,068	21,932
County's share Tri-County Jail	1,134,582	1,134,582	
Debt service:			
Principal	782,084	782,084	
Interest	498,413	498,403	10
Total	2,819,079	2,716,477	102,602

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
Public safety (continued):			
School resource officers:			
Salaries and employee benefits	420,016	417,003	3,013
Operating expenditures	33,000	18,762	14,238
Capital Outlay	35,000	33,477	1,523
Total	488,016	469,242	18,774
Building inspector:			
Salaries and employee benefits	247,287	184,532	62,755
Operating expenditures	34,550	26,409	8,141
Capital outlay	43,500	14,000	29,500
Total	325,337	224,941	100,396
National Guard	200		200
Fire and forest protection:			
Salaries & Employee Benefits	38,905	39,548	(643)
Stipends-per call	50,000	31,010	18,990
Operating expenditures	49,100	38,853	10,247
Capital outlay	428,000		428,000
Assistance to Forestry service	62,308	55,333	6,975
Assistance to local fire departments	804,644	773,042	31,602
Intercounty assistance	67,850	67,850	
Total	1,500,807	1,005,636	495,171
Emergency medical services:			
Salaries and employee benefits	4,357,281	4,258,985	98,296
Operating expenditures	587,989	623,828	(35,839)
Capital outlay	169,869	168,009	1,860
Debt service:			
Principal	148,701	148,701	
Interest	9,406	9,363	
Total	5,273,246	5,208,886	64,317
Central communications:			
Salaries and employee benefits	1,168,300	1,153,034	15,266
Operating expenditures	168,055	146,852	21,203
Capital outlay	100,000	29,554	70,446
Total	1,436,355	1,329,440	106,915
Emergency Management:			
Salaries and employee benefits	146,341	150,917	(4,576)
Operating expenditures	22,305	20,602	1,703
Grants-reimbursement	22,477	14,511	7,966
Total	191,123	186,030	5,093
Total public safety	17,011,177	16,027,067	984,067

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
Economic and physical development:			
Planning and zoning:			
Board salaries	1,200	275	925
Salaries and employee benefits	157,217	139,548	17,669
Operating expenditures	85,684	5,642	80,042
Total	244,101	145,465	98,636
Geographical Information System:			
Salaries and employee benefits	139,895	140,299	(404)
Operating expenditures	3,600	3,154	446
Total	143,495	143,453	42
Agricultural extension:			
Salaries and employee benefits	233,742	237,329	(3,587)
Operating expenditures	33,940	18,432	15,508
4-H activities	30,000	27,420	2,580
Grant-NCSU	5,148		5,148
Grant-SHIIP	11,334	1,121	10,213
Total	314,164	284,302	29,862
Soil and water conservation:			
Salaries and employee benefits	67,990	74,709	(6,719)
Operating expenditures	89,176	67,908	21,268
Total	157,166	142,617	14,549
Community Relations Commission	2,500	1,934	566
Commerce Park	41,230	40,857	373
Albemarle Resource Conservation and Development Council	750	750	
Albemarle Commission	35,442	34,392	1,050
Economic Development Commission	105,172	105,172	
Elizabeth City Downtown	5,000	5,000	
Tourism Development Authority	20,000	20,000	
Incentive Grant	1,155,515	1,155,511	4
City of Elizabeth City-Aircraft Taxes	20,000	17,938	2,062
Total economic and physical development	2,244,535	2,097,391	147,144

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
Human Services:			
Health:			
Medical Examiner fees	54,000	55,000	(1,000)
Community Advisory Committee	600		600
Assistance to District Health Department	168,996	168,996	
ARPDC-elderly nutrition assistance	69,613	69,613	
ICPTA match	40,507	36,780	3,727
Total	333,716	330,389	3,327
Mental health:			
Children services-Caswell Center	375	375	
Alcoholism - contracted services	85,506	85,506	
Total	85,881	85,881	
Total health	419,597	416,270	3,327
Social services:			
Administration:			
Salaries and employee benefits	5,760,085	5,517,037	243,048
Board salaries	3,750	2,900	850
Operating expenditures	1,065,138	1,033,513	31,625
Capital outlay	52,919	51,356	1,563
Total	6,881,892	6,604,806	277,086
Special assistance for adults:			
County participation only:			
Aid for the aged	228,846	181,203	47,643
Aid for the permanently and totally disabled	219,138	219,138	
Total	447,984	400,341	47,643
Medicaid program:			
County participation only	6,000	2,856	3,144
Other assistance:			
Aid for the blind	5,795	5,795	
Children's services	21,750	20,195	1,555
Adult services	76,521	20,685	55,836
Transportation services	5,000	1,825	3,175
Humanitarian needs	7,500	1,000	6,500
Crisis intervention	207,557	207,557	
TANF emergency assistance	15,000	5,000	10,000
COVID-19 funds	32,930	32,930	-
LIEAP program	357,057	357,045	12
Share the warmth program	445	71	374
Other (JOBS)	36,000	5,972	30,028
Foster care	132,500	129,959	2,541
Adoption assistance	51,291	44,424	6,867
Total	949,346	832,458	116,888
Total social services	8,285,222	7,840,461	444,761

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
Human services (continued):			
Kid's First	24,000	24,000	
Albemarle Hopeline	10,000	10,000	
Veterans service officer	2,000	2,117	(117)
Office of Juvenile Justice Programs-Pass Thru	175,780	174,280	
Office of Juvenile Justice Programs-County match only	16,078	16,078	
Food Bank of the Albemarle	10,000	10,000	
Skills, Inc.	1,000	1,000	
River City Community Development Corporation	3,000	3,000	
United Way	2,200	2,200	
Home and Community Care Block Grant-County match only	9,300	6,989	2,311
Total human services	8,958,177	8,506,395	450,282
Cultural and recreational:			
City of Elizabeth City:			
Knobbs Creek Recreation Center	1,093,510	992,073	101,437
Senior Citizens Center	335,264	298,521	36,743
Total	1,428,774	1,290,594	138,180
Library:			
Salaries and employee benefits	570,075	544,867	25,208
Operating expenditures	169,359	187,460	(18,101)
Debt service:			
Principal	13,642	13,642	
Interest	716	712	4
Total	753,792	746,681	7,111
Total cultural and recreational	2,182,566	2,037,275	145,291

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-1

GENERAL FUND

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SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

- BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Expenditures (continued):			
Education:			
Public Schools, current expense	11,364,000	11,364,000	
Public Schools, capital outlay	4,186,800	2,293,829	1,892,971
Community College, operations appropriation	1,735,000	1,735,000	
Community College, capital appropriation	770,000	770,000	
Total education	18,055,800	16,162,829	1,892,971
Debt service:			
Principal retirement	2,745,480	2,745,476	4
Interest and fees	449,975	447,990	1,985
Trustee services	12,000	8,100	3,900
Total debt service	3,207,455	3,201,566	5,889
Total expenditures	58,813,558	53,834,903	4,977,112
Revenue over (under) expenditures	(3,376,521)	4,260,987	7,637,508
Other financing sources (uses):			
Transfers from (to) other funds:			
Special revenue funds:			
Capital reserve	38,743		(38,743)
Reappraisal reserve	(55,000)	(55,000)	
Fund balance appropriated	3,392,778		(3,392,778)
Total other financing sources (uses)	3,376,521	(55,000)	(3,431,521)
Excess of revenue and other sources over expenditures and other uses	-	4,205,987	4,205,987
Fund balance, beginning of year		16,971,845	
Residual equity transfer		1,306	
Fund balance - beginning, restated		16,973,151	
Fund balance, end of year	\$ -	\$ 21,179,138	\$ -

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-2

CAPITAL RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Sale of land	\$ 138,000	\$ 138,000	\$ -
Investment earnings	3,000	3,058	58
Miscellaneous Revenue	3,630	11,821	8,191
Total revenue	<u>144,630</u>	<u>152,879</u>	<u>8,249</u>
Expenditures:			
Reserve Funds:			
Medical services	8,185,390		8,185,390
Commerce Park	17,700		17,700
Recreation	155,000		155,000
Landfill	615,000		615,000
Unallocated	784,257		784,257
Revenues over (under) expenditures	<u>9,757,347</u>	<u>-</u>	<u>9,757,347</u>
Other financing sources:			
Transfers in-Landfill Fund	100,000	100,000	
Transfers out-General Fund	(38,743)		38,743
Fund balance appropriated	9,551,460		(9,551,460)
Total other financing sources	<u>9,612,717</u>	<u>100,000</u>	<u>(9,512,717)</u>
Excess of revenue over expenditures	\$ <u>-</u>	252,879	\$ <u>252,879</u>
Fund balance, beginning of year		<u>9,430,598</u>	
Fund balance, end of year		\$ <u>9,683,477</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule B-3

REAPPRAISAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Investment earnings	\$ 2,000	\$ 194	\$ (1,806)
Expenditures:			
General government:			
Tax listing	317,000	222,838	94,162
Total expenditures	317,000	222,838	94,162
Revenue over (under) expenditures	(315,000)	(222,644)	92,356
Other financing sources:			
Transfers in:			
General fund	55,000	55,000	
Fund balance appropriated	260,000		(260,000)
Total other financing sources	315,000	55,000	-
Revenue and other sources over (under) expenditures	\$ -	(167,644)	\$ (167,644)
Fund balance, beginning of year		261,963	
Fund balance, end of year		\$ 94,319	

NONMAJOR GOVERNMENTAL FUNDS

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

Emergency Telephone Fund – This fund accounts for the receipt of the 911 telephone charges and the expenditures for these funds.

Seized Asset Fund - This fund accounts for the county's portion of assets seized by law enforcement. These funds are to be used by the Sheriff's Department.

Library Reserve Fund – This fund accounts for the donations received by the Library to be used for specific purposes for the Library.

Drainage Districts Fund – This fund accounts for the State grant and the matching local funds for the Upper Pasquotank River Stream Restoration.

Friends of the Library Fund – This fund accounts for donations earmarked for future need of the library, whether capital or operating.

Representative Payee Fund – This fund accounts for the funds received under the Social Security's Representative Payee Program.

Occupancy Tax Fund – This fund accounts for the collection of the six percent hotel room occupancy tax.

Deed of Trust Fund – This fund accounts for the portion of each fee that is collected by the county register of deeds for registering or filing a deed of trust or a mortgage which must be remitted to the State Treasurer on a monthly basis.

Fines and Forfeiture Fund – This fund accounts for the fines and forfeitures the County is required to remit to the Elizabeth City-Pasquotank Public School system.

Pasquotank County, North Carolina

Schedule C-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Special Revenue Funds										
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Representative Payee Fund	Occupancy Tax Fund	Deed of Trust Fund	Fines and Forfeiture Fund	Total Nonmajor Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 485,077	\$ 27,570	\$ 27,407	\$ 20,257		\$ 25,214	\$ -	\$ 2,908	\$ -	\$ 588,433
Assessments receivable				625						625
Prepaid expenses	33,291									33,291
Other receivables	28,687		201							28,888
Total assets	\$ 547,055	\$ 27,570	\$ 27,608	\$ 20,882	\$ -	\$ 25,214	\$ -	\$ 2,908	\$ -	\$ 651,237
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 5,259	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 2,908	\$ -	\$ 8,167
Total liabilities	5,259	-	-	-		-	-	2,908	-	8,167
DEFERRED INFLOWS OF RESOURCES										
Unavailable assessments receivable				625						625
Total deferred inflows of resources	-	-	-	625		-	-	-	-	625
Fund balances:										
Nonspendable:										
Prepaid items	33,291									33,291
Restricted for:										
Stabilization by State statute	28,687		201							28,888
Emergency telephone system	479,818									479,818
Human services						25,214				25,214
Law enforcement		27,570								27,570
Committed for:										
Drainage				20,257						20,257
Library			27,407							27,407
Unassigned:										-
Total fund balances	541,796	27,570	27,608	20,257	-	25,214	-	-	-	642,445
Total liabilities, deferred inflows of resources, and fund balances	\$ 547,055	\$ 27,570	\$ 27,608	\$ 20,882	\$ -	\$ 25,214	\$ -	\$ 2,908	\$ -	\$ 651,237

Pasquotank County, North Carolina

Schedule C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Funds										Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	Seized Asset Fund	Library Reserve Fund	Drainage Districts Fund	Friends of the Library	Representative Payee Fund	Occupancy Tax Fund	Deed of Trust Fund	Fines and Forfeiture Fund		
REVENUES											
Assessments	\$ -	\$ -	\$ -	\$ 5,158	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 5,158
Gifts and donations			50								50
State E911 funds	325,743										325,743
Restricted-other	14,540	4,457	12,775			42,362	726,019	30,120	133,687		963,960
Miscellaneous revenue		5,700	177	53							5,930
Investment earnings	419	33	41	21							514
Total revenues	340,702	10,190	13,043	5,232	-	42,362	726,019	30,120	133,687		1,301,355
EXPENDITURES											
General government								30,120	133,687		163,807
Public safety	483,520	29,105									512,625
Environmental protection				7,500							7,500
Physical and economic development							726,019				726,019
Human services						23,476					23,476
Cultural and recreational			729								729
Total expenditures	483,520	29,105	729	7,500		23,476	726,019	30,120	133,687		1,434,156
Excess (deficiency) of revenues over expenditures	(142,818)	(18,915)	12,314	(2,268)	-	18,886	-	-	-		(132,801)
Net change in fund balances	(142,818)	(18,915)	12,314	(2,268)		18,886	-	-	-		(132,801)
Fund balances - beginning	684,614	46,485	15,294	22,525	1,306	-	-	-	-		770,224
Prior period adjustment						6,328					6,328
Residual equity transfer					(1,306)						(1,306)
Fund balance - beginning, restated	684,614	46,485	15,294	22,525		6,328	-	-	-		775,246
Fund balances - ending	\$ 541,796	\$ 27,570	\$ 27,608	\$ 20,257	\$ -	\$ 25,214	\$ -	\$ -	\$ -		\$ 642,445

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-3

EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
State 911 funds	\$ 336,445	\$ 325,743	\$ (10,702)
Grant funds	20,584	14,540	(6,044)
Investment earnings	3,000	419	(2,581)
Total revenue	<u>360,029</u>	<u>340,702</u>	<u>(19,327)</u>
Expenditures:			
State 911 funds:			
Telephone	98,000	115,215	(17,215)
Maintenance-equipment	90,000	41,339	48,661
Travel and training	10,000	4,661	5,339
Departmental Supplies	7,000	5,416	1,584
Rent-copier	3,000	521	2,479
Contracted services	20,000	5,847	14,153
Grant-Back-up Center	20,584	13,969	6,615
Capital outlay	<u>389,000</u>	<u>296,552</u>	<u>92,448</u>
Total State 911 fund expenditures	<u>637,584</u>	<u>483,520</u>	<u>154,064</u>
Total Expenditures	<u>637,584</u>	<u>483,520</u>	<u>154,064</u>
Revenue over expenditures	<u>(277,555)</u>	<u>(142,818)</u>	<u>134,737</u>
Other financing sources (uses):			
Fund balance appropriated	<u>277,555</u>		<u>(277,555)</u>
Total other financing sources (uses):	<u>277,555</u>	<u>-</u>	<u>(277,555)</u>
Excess of revenue over (under) expenditures	\$ <u>-</u>	(142,818)	\$ <u>(142,818)</u>
Fund balance, beginning of year		<u>684,614</u>	
Fund balance, end of year		\$ <u><u>541,796</u></u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-4

SEIZED ASSET FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

From Inception and for the year ended June 30, 2021

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
Revenue:				
County share - seized assets	\$ 490,100	\$ 515,203	\$ -	\$ 515,203
Bullet proof vest program	6,575	22,863	4,457	27,320
Other revenue	4,825	8,089	5,700	13,789
Investment earnings	13,750	16,912	33	16,945
Total revenue	<u>515,250</u>	<u>563,067</u>	<u>10,190</u>	<u>573,257</u>
Expenditures				
Law enforcement	<u>523,750</u>	<u>516,582</u>	<u>29,105</u>	<u>545,687</u>
Other financing sources:				
Fund balance appropriated	<u>8,500</u>			
Revenue over (under) expenditures	\$ <u>-</u>	<u>46,485</u>	(18,915)	\$ <u>27,570</u>
Fund balance, beginning of year			<u>46,485</u>	
Fund balance, end of year			\$ <u>27,570</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-5

LIBRARY RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Restricted revenue:			
Gifts and donations	\$ 5,000	\$ 12,825	\$ 7,825
Miscellaneous revenue		177	177
Total	<u>5,000</u>	<u>13,002</u>	<u>8,002</u>
Investment earnings:	<u>50</u>	<u>41</u>	<u>(9)</u>
Total Revenue	<u>5,050</u>	<u>13,043</u>	<u>7,993</u>
Expenditures			
Operating expenses			0
Library materials	15,605	729	14,876
Local grants			0
Total expenditures	<u>15,605</u>	<u>729</u>	<u>14,876</u>
Other financing sources:			
Fund balance appropriated	<u>10,555</u>		<u>(323)</u>
Revenue over expenditures	\$ <u>-</u>	12,314	\$ <u>12,314</u>
Fund balance, beginning of year		<u>15,294</u>	
Fund balance, end of year		\$ <u>27,608</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-6

DRAINAGE DISTRICTS FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		
	Budget	Actual	Variance Positive (Negative)
Revenue:			
Assessments:			
River	\$ 5,300	\$ 5,158	\$ (142)
Penalties, interest & advertising		53	53
Total assessments revenue	<u>5,300</u>	<u>5,211</u>	<u>(89)</u>
Investment earnings:	<u>200</u>	<u>21</u>	<u>(179)</u>
Total revenue	<u>5,500</u>	<u>5,232</u>	<u>(268)</u>
Expenditures:			
Newland District			
Maintenance	<u>13,000</u>	<u>7,500</u>	<u>5,500</u>
Total Newland District	<u>13,000</u>	<u>7,500</u>	<u>5,500</u>
Total Expenditures	<u>13,000</u>	<u>7,500</u>	<u>5,500</u>
Other financing sources:			
Fund balance appropriated	<u>7,500</u>		<u>(7,500)</u>
Revenue over expenditures	\$ <u>-</u>	(2,268)	\$ <u>(2,268)</u>
Fund balance, beginning of year		<u>22,525</u>	
Fund balance, end of year		<u>\$ 20,257</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-7

FRIENDS OF THE LIBRARY FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Restricted revenue:			
Gifts and donations	\$	\$	\$ -
Membership Dues			-
Miscellaneous revenue			-
Total	-	-	-
Investment earnings:			-
Total Revenue	-	-	-
Operating expenses			-
Fund balance appropriated			
Revenue under expenditures	\$ -	-	\$ -
Fund balance, beginning of year		1,306	
Residual equity transfer		(1,306)	
Fund balance - beginning, restated		-	
Fund balance, end of year		\$ -	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-8

REPRESENTATIVE PAYEE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Restricted intergovernmental	\$ 80,000	\$ 42,362	\$ (37,638)
Total Revenue	<u>80,000</u>	<u>42,362</u>	<u>(37,638)</u>
Expenditures			
Payments made for the benefit of beneficiaries	<u>80,000</u>	<u>23,476</u>	<u>56,524</u>
Total expenditures	<u>80,000</u>	<u>23,476</u>	<u>56,524</u>
Net change in fund balance	\$ <u>-</u>	18,886	\$ <u>18,886</u>
Fund balance, beginning, as previously reported		-	
Prior period restatement-change in accounting principal		<u>6,328</u>	
Fund balance, beginning, as restated		<u>6,328</u>	
Fund balance, end of year		\$ <u>25,214</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-9

OCCUPANCY TAX FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Occupancy tax collections	\$ 850,000	\$ 726,019	\$ (123,981)
Total Revenue	<u>850,000</u>	<u>726,019</u>	<u>(123,981)</u>
Expenditures:			
Tourism Development Authority	<u>850,000</u>	<u>726,019</u>	<u>123,981</u>
Total Expenditures	<u>850,000</u>	<u>726,019</u>	<u>123,981</u>
Revenue over (under) expenditures	\$ <u>-</u>	-	\$ <u>-</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u>-</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-10

DEED OF TRUST FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Permits and fees			
Register of deeds	\$ 35,000	\$ 30,120	\$ (4,880)
Total Revenue	<u>35,000</u>	<u>30,120</u>	<u>(4,880)</u>
Expenditures			
Payments made to State Treasurer	<u>35,000</u>	<u>30,120</u>	<u>4,880</u>
Total expenditures	<u>35,000</u>	<u>30,120</u>	<u>4,880</u>
Other financing sources:			
Fund balance appropriated	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ <u> -</u>	<u> -</u>	\$ <u> -</u>
Fund balance, beginning, as previously reported		-	
Prior period restatement-change in accounting principal		-	
Fund balance, beginning, as restated		<u> -</u>	
Fund balance, end of year		\$ <u> -</u>	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule C-11

FINES AND FORFEITURE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Fines and forfeitures	\$ 175,000	\$ 133,687	\$ (41,313)
Total Revenue	<u>175,000</u>	<u>133,687</u>	<u>(41,313)</u>
Expenditures:			
Payments made to the Elizabeth City-Pasquotank Public School Board of Education	<u>175,000</u>	<u>133,687</u>	<u>41,313</u>
Total expenditures	<u>175,000</u>	<u>133,687</u>	<u>41,313</u>
Other financing sources:			
Fund balance appropriated	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ <u> - </u>	<u> - </u>	\$ <u> - </u>
Fund balance, beginning, as previously reported		-	
Prior period restatement-change in accounting principal		<u>-</u>	
Fund balance, beginning, as restated		<u>-</u>	
Fund balance, end of year		\$ <u> - </u>	

ENTERPRISE FUNDS

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

Major:

Landfill Fund - This fund is used to account for the operations of the County's transfer station, recycling and solid waste activities. The Landfill no longer accepts municipal solid waste. Municipal solid waste is brought to the transfer station, where it is then hauled to an outside landfill in another county.

Water System Fund - This fund is used to account for the County's water operations.

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 1 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
Operating revenue:			
Tipping fees	\$ 2,910,040	\$ 2,882,605	\$ (27,435)
Solid waste fees	2,492,600	2,519,747	27,147
Penalties and interest	29,500	42,895	13,395
Other operating revenue	74,000	76,496	2,496
Total operating revenue	<u>5,506,140</u>	<u>5,521,743</u>	<u>15,603</u>
Non-operating revenue:			
NC Department of Revenue:			
Scrap tire tax	50,000	57,743	7,743
White goods disposal tax	6,000	11,113	
Solid waste disposal tax	18,000	21,143	3,143
Electronics management program	3,000		(3,000)
Interest earned	18,000	2,930	(15,070)
Sale of assets	5,000		(5,000)
Grant-reimbursement	5,000	6,650	1,650
Total non-operating revenue	<u>105,000</u>	<u>99,579</u>	<u>(10,534)</u>
Total revenue	<u>5,611,140</u>	<u>5,621,322</u>	<u>10,182</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits	568,743	574,414	(5,671)
Engineering and lab fees	60,000	49,657	10,343
Contracted services	1,384,600	1,500,991	(116,391)
Utilities and telephone	27,500	22,545	4,955
Supplies and materials	145,500	120,316	25,184
Repairs and maintenance	222,500	188,081	34,419
Other	39,150	29,644	9,506
Indirect Costs:			
Maintenance/Janitorial	18,547	18,547	
Human resources	3,003	3,003	
Administration	16,583	16,583	
Finance office	33,191	33,191	
Solid waste disposal tax	65,000	84,395	(19,395)
Tire disposal	118,000	140,336	(22,336)
Electronics management	30,000	33,960	(3,960)
Total	<u>2,732,317</u>	<u>2,815,663</u>	<u>(83,346)</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 2 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
Convenience Sites:			
Salaries and employee benefits	476,700	539,151	(62,451)
Utilities and telephone	24,500	20,199	4,301
Repairs and maintenance	85,000	63,562	21,438
Operating expenses	181,900	96,017	85,883
Landfill fees	1,337,000	1,495,286	(158,286)
Indirect Costs:			
Human resources	10,851	10,851	
Administration	13,020	13,020	
Finance office	18,748	18,748	
Information technology	10,554	10,554	
Total	2,158,273	2,267,388	(109,115)
Transfer station:			
Salaries and employee benefits	78,475	77,792	683
Repairs and maintenance	45,500	34,210	11,290
Operating expenses	31,920	21,996	9,924
Indirect Costs:			
Human resources	675	675	
Administration	1,299	1,299	
Finance office	4,081	4,081	
Total	161,950	140,053	21,897
Other Costs:			
Capital outlay	888,600	263,719	624,881
Under threshold	20,000	18,360	1,640
Total	908,600	282,079	626,521
Total expenditures	5,961,140	5,505,183	455,957
Revenue over (under) expenditures before other financing sources and (uses)	(350,000)	116,139	466,139
Other financing sources (uses):			
Transfers out:			
Capital reserve-future needs	(100,000)	(100,000)	
Fund balance appropriated	450,000		(450,000)
Total	350,000	(100,000)	(450,000)
Revenue over (under) expenditures and other financing sources and (uses)	\$ -	\$ 16,139	\$ 16,139

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-1

ENTERPRISE FUND-LANDFILL

Page 3 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance Positive (Negative)
	Budget	Actual	
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenue over expenditures		\$ 16,139	
Reconciling items:			
Capital outlay		263,719	
Increase (decrease) in deferred outflows-OPEB		165,662	
(Increase) decrease in net OPEB liability		(222,433)	
(Increase) decrease in deferred inflows-OPEB		12,413	
Increase (decrease) in deferred outflows-pensions		40,811	
(Increase) decrease in net pension liability		(76,230)	
(Increase) decrease in deferred inflows-pensions		-	
Depreciation		(187,979)	
Total reconciling items		(4,037)	
Change in net position		\$ 12,102	

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-2

ENTERPRISE FUND-WATER SYSTEM

Page 1 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenue:			
Water sales	\$ 3,636,813	\$ 3,449,522	\$ (187,291)
Water sales-reverse osmosis plant	1,780,811	1,927,242	146,431
Reconnection fees	82,000	70,880	(11,120)
Penalties	40,000	27,349	(12,651)
Miscellaneous revenue	2,000	11,775	9,775
Sewer revenue	480,000	284,319	(195,681)
Other operating revenue	3,000	1,225	(1,775)
Total operating revenue	6,024,624	5,772,312	(252,312)
Non-operating revenue:			
Tower rental	37,500	69,128	31,628
Payment from City of Elizabeth City	122,583	122,582	(1)
Sale of assets	2,000	9,384	7,384
Sales tax refund		12,170	12,170
Interest earned on investments	130,000	16,193	(113,807)
Total non-operating revenue	292,083	229,457	(62,626)
Total revenue	6,316,707	6,001,769	(314,938)
Expenditures:			
Water plant operations:			
Salaries and employee benefits	1,127,844	1,101,524	26,320
Utilities	120,000	93,499	26,501
Chemicals	110,000	109,048	952
Purchases for resale	1,520,000	1,399,369	120,631
Supplies and materials	12,000	12,376	(376)
Gasoline and oil	45,000	37,695	7,305
Other expenses	56,300	37,706	18,594
Repairs and maintenance	221,560	226,719	(5,159)
Telephone	12,500	16,283	(3,783)
Total	3,225,204	3,034,219	190,985
Waste water treatment plant operations:			
Salaries and employee benefits	69,545	68,049	1,496
Utilities	15,000	7,162	7,838
Chemicals	5,000	1,653	3,347
Supplies and materials	500	116	384
Repairs and maintenance	40,500	14,495	26,005
Treatment by City	100,000	23,023	76,977
Other expenses	17,600	31,513	(13,913)
Total	248,145	146,011	102,134

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-2

ENTERPRISE FUND-WATER SYSTEM

Page 2 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
Expenditures (continued):			
Professional services:			
Engineering and lab fees	62,000	43,763	18,237
Legal and audit	5,540	4,702	838
Total	67,540	48,465	19,075
Administrative services:			
Insurance and bonds	31,200	29,606	1,594
Postage	25,000	24,910	90
Indirect Costs:			
Human resources	8,835	8,835	
Administration	29,869	29,869	
Finance office	58,059	58,059	
Janitorial/maintenance	24,049	24,049	
Information technology	14,783	14,783	
Central communications	729	729	
Other expenses	68,600	55,515	13,085
Total	261,124	246,355	14,769
Reverse osmosis plant operations:			
Salaries and employee benefits	193,430	240,354	(46,924)
Utilities	180,000	210,924	(30,924)
Chemicals	133,280	131,100	2,180
Engineering and lab fees	39,000	29,218	9,782
Legal and audit	76,000	41,024	34,976
Administrative services	11,400	4,114	7,286
Insurance	28,880	27,432	1,448
Supplies and materials	2,500	7,037	(4,537)
Repairs and maintenance	87,516	179,400	(91,884)
Gasoline and oil	9,500	3,418	6,082
Telephone	900	3,208	(2,308)
Indirect Costs:			
Human resources	1,921	1,921	
Administration	5,210	5,210	
Finance office	13,010	13,010	
Other expenses	51,480	52,387	(907)
Total	834,027	949,757	(115,730)
Debt service:			
Principal	861,897	861,897	
Interest	272,250	263,148	9,102
Trustee fees	3,500	3,008	492
Total	1,137,647	1,128,053	9,594

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-2

ENTERPRISE FUND-WATER SYSTEM

Page 3 of 3

**SCHEDULE OF REVENUE AND EXPENDITURES--BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		Variance
	Budget	Actual	Positive (Negative)
Capital outlay:			
Capitalized:			
Vehicles and equipment	250,000	246,812	3,188
Expansion of service territory	70,000	69,011	989
Well production improvement	26,720	121,757	(95,037)
Under threshold	271,300	267,533	3,767
Total	618,020	705,113	(87,093)
Total expenditures	6,391,707	6,257,973	133,734
Revenue over (under) expenditures before other financing sources (uses)	(75,000)	(256,204)	(181,204)
Other financing sources (uses):			
Transfer from capital reserve	75,000	75,000	
Total other financing sources (uses)	75,000	75,000	-
Revenue over (under) expenditures	\$ -	\$ (181,204)	\$ (181,204)

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

Revenue over expenditures and other financing sources (uses)	\$ (181,204)
Reconciling items:	
Principal payments	861,897
Increase (decrease) in deferred outflows-OPEB	260,690
(Increase) decrease in net OPEB liability	(295,683)
(Increase) decrease in deferred inflows-OPEB	18,618
Increase (decrease) in deferred outflows-pension	56,469
(Increase) decrease in net pension liability	(105,478)
(Increase) decrease in deferred inflows-pension	-
Capital outlay	437,580
Depreciation and amortization	(1,271,061)
Total reconciling items	(36,968)
Change in net position	\$ (218,172)

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule D-3

WATER AND SEWER CAPITAL RESERVE FUND

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES

--BUDGET AND ACTUAL--

FOR THE YEAR ENDED JUNE 30, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenue:			
System development fees	\$ 75,000	\$ 106,800	\$ 31,800
Investment earnings	600	239	(361)
Total revenue	<u>75,600</u>	<u>107,039</u>	<u>31,439</u>
Expenditures:			
Reserve Funds	<u>75,600</u>		<u>75,600</u>
Revenues over (under) expenditures	<u>75,600</u>	<u>-</u>	<u>75,600</u>
Other financing sources:			
Transfers out	(75,000)	(75,000)	
Fund balance appropriated	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total other financing sources	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Excess of revenue over expenditures	\$ <u>-</u>	32,039	\$ <u>32,039</u>
Fund balance, beginning of year		<u>102,115</u>	
Fund balance, end of year		\$ <u><u>134,154</u></u>	

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the County as an agent for individuals and/or other governments.

Custodial Funds:

Municipal Tax Fund – This fund accounts for the taxes collected by the County on behalf of the City of Elizabeth City.

Health Department Fee – This fund accounts for moneys collected on behalf of the Albemarle Regional Health Services.

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule E-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Municipal Tax Fund	Health Department Fee Fund	Total Custodial Funds
Assets:			
Cash and cash equivalents	\$ 51,234	\$ 794	\$ 52,028
Taxes receivable for other governments, net	990,718		990,718
Fees receivable for other organizations, net		15,781	15,781
Total assets	<u>1,041,952</u>	<u>16,575</u>	<u>1,058,527</u>
Liabilities:			
Due to other governments	\$ 51,234		\$ 51,234
Due to other organizations		794	794
Total liabilities	<u>51,234</u>	<u>794</u>	<u>52,028</u>
Net Position:			
Restricted for:			
Other governments and organizations	990,718	15,781	1,006,499
Total net position	<u>\$ 990,718</u>	<u>\$ 15,781</u>	<u>\$ 1,006,499</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule E-2

COMBINING STATEMENT OF FIDUCIARY NET POSITION

CUSTODIAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Municipal Tax Fund	Health Department Fee Fund	Total Custodial Funds
Additions:			
Ad valorem taxes, assessments and fees for other governments	\$ 9,368,724	\$	\$ 9,368,724
Gross receipts taxes for other governments	87,530		87,530
Collections of fees for other organizations		20,362	20,362
Total additions	<u>9,456,254</u>	<u>20,362</u>	<u>9,476,616</u>
Deductions			
Distributions to other governments	9,450,384		9,450,384
Distributions to other organizations		20,318	20,318
Total deductions	<u>9,450,384</u>	<u>20,318</u>	<u>9,470,702</u>
Net increase (decrease) in fiduciary position	5,870	44	5,914
Net position, beginning, as previously reported	-	-	-
Prior period restatement - change in accounting principal	<u>984,848</u>	<u>15,737</u>	<u>1,000,585</u>
Net position, beginning, as restated	<u>984,848</u>	<u>15,737</u>	<u>1,000,585</u>
Net position, ending	<u>\$ 990,718</u>	<u>\$ 15,781</u>	<u>\$ 1,006,499</u>

COMPONENT UNITS

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule F-1

Albemarle Hospital Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$	<u>-</u>
Total Assets		<u>-</u>

LIABILITIES

Accounts payable	\$	<u>-</u>
Total liabilities		<u>-</u>

NET POSITION

Unrestricted		<u>-</u>
Total net position	\$	<u>-</u>

Total liabilities and net position	\$	<u><u>-</u></u>
------------------------------------	----	-----------------

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule F-2

Albemarle Hospital Authority

Discretely Presented Component Unit

Supplemental Statement of Revenues, Expenditures and Changes in Fund Balance

FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020</u>
OPERATING REVENUE	
Interest income	\$ 543
Total operating revenue	<u>543</u>
OPERATING EXPENSES	
Administration:	
Insurance	7,818
Legal fees	193,801
Audit fees	<u>7,758</u>
Total operating expenses	<u>209,377</u>
Operating loss	(208,834)
SPECIAL ITEMS	
Forgiveness of debt income	126,668
Donations expense	<u>(427,000)</u>
Total special items	<u>(300,332)</u>
Change in net position	(509,166)
Total net position, beginning	<u>509,166</u>
Total net position, ending	<u><u>\$ -</u></u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule G-1

Elizabeth City-Pasquotank County Tourism Development Authority
 Discretely Presented Component Unit
 Supplemental Balance Sheet
 JUNE 30, 2021

ASSETS

Cash and cash equivalents	\$	1,184,072
Accounts receivable (net)		96,990
Prepaid expenses		2,397
Total assets	\$	<u>1,283,459</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable and accrued liabilities	\$	<u>8,465</u>
Total liabilities		<u>8,465</u>

Fund balances:

Restricted:

Stabilization by State Statute	96,990
City of Elizabeth City	283,552
Pasquotank County	81,171
Assigned for subsequent year's expenditures	140,000
Unassigned	<u>673,281</u>
Total fund balances	<u>1,274,994</u>

Total liabilities and fund balances	\$	<u>1,283,459</u>
-------------------------------------	----	------------------

Reconciliation of Governmental Fund Balance Sheet to
 the Statement of Net Position

Fund balances	\$	1,274,994
---------------	----	-----------

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds

Capital assets at historical costs	150,854
Accumulated depreciation	(21,135)

Deferred outflow of resources reported in the government-wide statements but not by the fund statements for pensions	56,115
---	--------

Net pension liability	(67,538)
-----------------------	----------

Long-term liabilities used in governmental activities are not
 financial uses and therefore are not reported in the funds

Compensated absences	(5,482)
----------------------	---------

Pension related deferrals	(6,337)
---------------------------	---------

Net position of governmental activities	\$	<u>1,381,471</u>
---	----	------------------

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule G-2

Elizabeth City-Pasquotank County Tourism Development Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2021

REVENUES

Occupancy taxes	\$	750,335
Coronavirus Grant		40,750
Paycheck protection program		41,415
Miscellaneous revenue		83,672
Investment earnings		2,238
Total revenues		<u>918,410</u>

EXPENDITURES

Salaries and employee benefits		216,318
Administrative and operations		41,698
Marketing and sales		213,907
Tourism related expenditures		57,499
Capital outlay		94,998
Total expenditures		<u>624,420</u>
Net change in fund balance		293,990

Fund balances, beginning		981,004
Fund balances, ending	\$	<u>1,274,994</u>

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

Net Change in fund balance	\$	293,990
----------------------------	----	---------

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

90,697

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

18,325

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		1,212
Pension expense		(32,873)

Total changes in net position of governmental activities	\$	<u><u>371,351</u></u>
--	----	-----------------------

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule G-3

Elizabeth City-Pasquotank County Tourism Development Authority

Discretely Presented Component Unit

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

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Occupancy tax	\$ 400,913	\$ 650,913	\$ 750,335	\$ 99,422
Investment income	4,150	4,150	2,238	(1,912)
Other revenues	80,000	278,750	165,837	(112,913)
Total revenues	<u>485,063</u>	<u>933,813</u>	<u>918,410</u>	<u>(15,403)</u>
Expenditures				
Salaries and benefits	213,400	218,400	216,318	2,082
Administration and operations	318,214	91,316	41,698	49,618
Marketing and sales	65,066	225,395	213,907	11,488
Tourism related expenditures	101,578	175,964	57,499	118,465
Capital outlay	1,000	222,738	94,998	127,740
Total expenditures	<u>699,258</u>	<u>933,813</u>	<u>624,420</u>	<u>309,393</u>
Other financing sources (uses)				
Fund balance appropriated	<u>214,195</u>			
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	293,990	<u>\$ 293,990</u>
Fund balance, beginning			<u>981,004</u>	
Fund balance, ending			<u>\$ 1,274,994</u>	

CAPITAL ASSETS

This section represents a summary of the general capital assets of Pasquotank County, other than capital assets of the Enterprise Funds.

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule H-1

SCHEDULE OF GENERAL CAPITAL ASSETS

BY SOURCE

JUNE 30, 2021

	<u>2021</u>
General Capital Assets:	
Land	\$ 5,641,249
Construction in progress	50,272
Buildings	56,059,901
Equipment	9,192,944
Vehicles and motorized equipment	7,935,978
Infrastructure	2,611,260
Accumulated depreciation	<u>(45,514,362)</u>
Total general capital assets	<u>\$ 35,977,242</u>
Investment in general capital assets by source:	
Capital Assets Acquired Prior to July 1, 1997:	\$ 21,426,881
Capital Assets Acquired After July 1, 1997:	
General Fund	17,583,311
State Revenue	2,607,359
Federal Revenue	258,673
Installment Purchases	39,565,108
Construction in progress	50,272
Accumulated depreciation	<u>(45,514,362)</u>
Total investment in general capital assets	<u>\$ 35,977,242</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule H-2

SCHEDULE OF GENERAL CAPITAL ASSETS

BY FUNCTION AND ACTIVITY

JUNE 30, 2021

Function and Activity	Land	Construction in Progress	Buildings	Furniture Fixtures and Office Equipment	Vehicles and Motorized Equipment	Land Improvements and Infrastructure	Total
General government							
Administration	\$	\$	\$	\$	\$ 65,596	\$	\$ 65,596
Finance				8,300			8,300
Taxes				335,611	29,923		365,534
Register of deeds				88,000			88,000
Public buildings	1,098,686		14,554,394	260,186	17,594	13,388	15,944,248
Court Facilities				56,764			56,764
Other-unclassified	1,553,553	50,272	5,106,618	252,895	11,422		6,974,760
Total general government	2,652,239	50,272	19,661,012	1,001,756	124,535	13,388	23,503,202
Public safety:							
Sheriff				325,672	1,771,187		2,096,859
Jail			23,047,596	459,143			23,506,739
Emergency communications	53,452		12,656	5,290,499			5,356,607
Fire	172,587		440,437	430,970	3,584,007		4,628,001
Emergency management			13,904	33,159	195,105		242,168
Inspections				38,500	73,579		112,079
Emergency medical services	45,150		408,910	1,299,958	1,695,303		3,449,321
Animal Control			11,965		79,767		91,732
Total public safety	271,189		23,935,468	7,877,901	7,398,948		39,483,506
Environmental protection:	200,507						200,507
Total environmental protection	200,507						200,507
Economic and physical development:							
Economic development	1,897,443		1,446,058	33,679	15,203	989,103	4,381,486
Agricultural extension			739,812		23,993		763,805
Total economic and physical development	1,897,443		2,185,870	33,679	39,196	989,103	5,145,291
Human services:							
Health			35,000				35,000
Social services	82,839		4,379,271	207,192	132,027		4,801,329
Total human services	82,839		4,414,271	207,192	132,027		4,836,329
Cultural and recreational:							
Recreational	521,094		651,507	29,417	115,628	1,608,769	2,926,415
Library	15,938		5,211,773	42,999	72,438		5,343,148
Total cultural and recreational	537,032		5,863,280	72,416	188,066	1,608,769	8,269,563
Education:							
Public schools					24,298		24,298
Community College					28,908		28,908
Total education					53,206		53,206
Accumulated depreciation			(29,820,943)	(8,137,631)	(5,931,375)	(1,624,413)	(45,514,362)
Total general capital assets	\$ 5,641,249	\$ 50,272	\$ 26,238,958	\$ 1,055,313	\$ 2,004,603	\$ 986,847	\$ 35,977,242

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule H-3

**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the Year Ended June 30, 2021**

Function and Activity	General Capital Assets			General Capital Assets
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>
General government:				
Administration	\$ 82,217	\$	\$ 16,621	\$ 65,596
Finance	8,300			8,300
Taxes	350,255	29,923	14,644	365,534
Register of deeds	88,000			88,000
Public buildings	15,843,048	101,200		15,944,248
Court facilities	56,764			56,764
Construction in progress	-	50,272		50,272
Other - unclassified	6,922,394	14,000	11,906	6,924,488
Total general government	<u>23,350,978</u>	<u>195,395</u>	<u>43,171</u>	<u>23,503,202</u>
Public safety:				
Sheriff	1,984,566	306,650	194,357	2,096,859
Jail	23,506,739			23,506,739
Emergency communications	5,074,424	282,183		5,356,607
Fire	4,482,953	145,048		4,628,001
Emergency management	242,168			242,168
Inspections	98,079	14,000		112,079
Emergency medical services	3,407,692	41,629		3,449,321
Animal control	91,732			91,732
Total public safety	<u>38,888,353</u>	<u>789,510</u>	<u>194,357</u>	<u>39,483,506</u>
Environmental protection	<u>200,507</u>			<u>200,507</u>
Total environmental protection	<u>200,507</u>			<u>200,507</u>
Economic and physical development:				
Economic development	4,381,486			4,381,486
Agricultural extension	763,805			763,805
Total economic and physical development	<u>5,145,291</u>			<u>5,145,291</u>
Human services:				
Health	35,000			35,000
Social services	4,801,329			4,801,329
Total human services	<u>4,836,329</u>			<u>4,836,329</u>
Cultural and recreational:				
Recreational	2,926,415			2,926,415
Cultural	5,343,148			5,343,148
Total cultural and recreational	<u>8,269,563</u>	<u>-</u>	<u>-</u>	<u>8,269,563</u>
Education:				
Public schools	24,298			24,298
Community college	28,908			28,908
Total education	<u>53,206</u>			<u>53,206</u>
Accumulated depreciation	<u>(42,825,536)</u>	<u>(2,925,793)</u>	<u>236,967</u>	<u>(45,514,362)</u>
Total general capital assets	<u>\$ 37,918,691</u>	<u>\$ (1,940,888)</u>	<u>\$ (561)</u>	<u>\$ 35,977,242</u>

GOVERNMENTAL LONG-TERM DEBT OBLIGATIONS

The section shows changes in the governmental long-term debt obligations of the County.

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule I-1

**SCHEDULE OF CHANGES IN GOVERNMENTAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Long-Term Debt July 1, 2020	Additions	Retirements	Governmental Long-Term Debt June 30, 2021
Governmental Long-Term Debt Payable:				
Installment purchases	\$ 23,935,751	\$	\$ 2,711,404	\$ 21,224,347
Advance refunding	5,794,141		845,168	4,948,973
Qualified School Construction Bonds	933,333		133,333	800,000
Unamortized premium on COPS	87,869		11,716	76,153
Vacation payable	913,424	821,046	596,785	1,137,685
Net Pension Liability-LGERS	4,686,486			4,686,486
Unfunded other post employment benefits	16,018,457			16,018,457
Unfunded pension obligation-LEOSSA	1,275,630			1,275,630
	<u>\$ 53,645,091</u>	<u>\$ 821,046</u>	<u>\$ 4,298,406</u>	<u>\$ 50,167,731</u>
By purpose:				
Education	\$ 12,194,812	\$	\$ 1,697,008	\$ 10,497,804
Fire and Public Safety	13,920,032		1,639,259	12,280,773
General government	4,548,381		353,638	4,194,743
Unamortized premium on COPS	87,869		11,716	76,153
Net Pension Liability-LGERS	4,686,486			4,686,486
Other post employment benefits	16,018,457			16,018,457
Unfunded pension obligation-LEOSSA	1,275,630			1,275,630
Vacation pay	913,424	821,046	596,785	1,137,685
	<u>\$ 53,645,091</u>	<u>\$ 821,046</u>	<u>\$ 4,298,406</u>	<u>\$ 50,167,731</u>

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, cash and investments and ten year historical data.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule J-1

GENERAL FUND

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$	\$ 26,361,154	\$ 25,603,645	\$ 757,509
2019-2020	849,350		428,657	420,693
2018-2019	410,908		150,832	260,076
2017-2018	279,715		96,492	183,223
2016-2017	148,225		36,094	112,131
2015-2016	86,119		19,188	66,931
2014-2015	68,312		9,917	58,395
2013-2014	82,900		7,514	75,386
2012-2013	56,989		3,557	53,432
2011-2012	45,927		1,602	44,325
2010-2011	36,047		36,047	-
	<u>\$ 2,064,492</u>	<u>\$ 26,361,154</u>	<u>\$ 26,393,545</u>	2,032,101
Less: allowance for uncollected ad valorem taxes receivable - General Fund				(243,852)
Ad valorem taxes receivable, net				<u>\$ 1,788,249</u>
Reconciliation with revenues:				
Ad valorem taxes, General Fund				\$ 26,432,481
Taxes written off				35,125
Discounts, refunds and releases				105,302
Loss of present value exemption				(7,721)
Advertising fees collected				(3,604)
Interest collected				(168,038)
Total reconciling items				<u>(38,936)</u>
Total collections and credits				<u>\$ 26,393,545</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Schedule J-2

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,319,915,825	0.77	\$ 25,552,138	\$ 22,629,826	\$ 2,922,312
Public service companies	81,739,316	0.77	629,393	629,393	
Penalties			3,523	3,523	
Total	<u>3,401,655,141</u>		<u>26,185,054</u>	<u>23,262,742</u>	<u>2,922,312</u>
Discoveries:					
Current year taxes	25,905,895	0.77	208,328	208,328	
Prior year taxes		various	31,209	31,209	
Penalties			12,578	12,578	
Total	<u>25,905,895</u>		<u>252,115</u>	<u>252,115</u>	<u>-</u>
Releases	<u>(9,867,470)</u>		<u>(76,015)</u>	<u>(76,015)</u>	
Total property valuation	<u>\$ 3,417,693,566</u>				
Net levy			26,361,154	23,438,842	2,922,312
Uncollected taxes at June 30, 2021			757,509	757,509	
Current year's tax collections and credits			<u>\$ 25,603,645</u>	<u>\$ 22,681,333</u>	<u>\$ 2,922,312</u>
Current levy collection percentage			<u>97.13%</u>	<u>96.77%</u>	<u>100.00%</u>

STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain information to help the reader understand how the County's financial performance and well-being have changes over time.	123
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	128
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	132
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	135
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial Information relates to the services the County provides and the activities It performs.	137

PASQUOTANK COUNTY, NORTH CAROLINA

Table 1

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Governmental Activities:										
Net investment in capital assets	\$ 18,839,243	\$ 18,432,376	\$ 18,573,062	\$ 18,017,943	\$ 18,137,713	\$ 18,304,840	\$ 18,250,889	\$ 18,396,347	\$ 18,848,095	\$ 18,859,513
Restricted	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104	5,290,307	6,267,194	6,741,831	7,101,898
Unrestricted	(24,632,815)	(23,595,264)	(22,268,820)	(20,323,040)	(17,848,390)	(16,407,855)	(23,952,748)	(22,268,261)	(10,922,514)	(7,596,230)
	<u>1,066,016</u>	<u>(425,059)</u>	<u>1,585,389</u>	<u>3,173,374</u>	<u>5,718,126</u>	<u>7,309,089</u>	<u>(411,552)</u>	<u>2,395,280</u>	<u>14,667,412</u>	<u>18,365,181</u>
Business-type Activities:										
Net investment in capital assets	\$ 20,266,898	\$ 16,087,528	\$ 15,794,769	\$ 15,152,613	\$ 14,727,763	\$ 14,493,610	\$ 14,262,845	\$ 14,023,770	\$ 14,337,180	\$ 14,442,187
Unrestricted	6,431,666	6,708,445	7,435,642	8,744,802	10,053,020	11,495,605	12,507,405	14,159,286	14,351,232	14,072,194
	<u>\$ 26,698,564</u>	<u>\$ 22,795,973</u>	<u>\$ 23,230,411</u>	<u>\$ 23,897,415</u>	<u>\$ 24,780,783</u>	<u>\$ 25,989,215</u>	<u>\$ 26,770,250</u>	<u>\$ 28,183,056</u>	<u>\$ 28,688,412</u>	<u>\$ 28,514,381</u>
Primary Government:										
Net investment in capital assets	\$ 39,106,141	\$ 34,519,904	\$ 34,367,831	\$ 33,170,556	\$ 32,865,476	\$ 32,798,450	\$ 32,513,734	\$ 32,420,117	\$ 33,185,275	\$ 33,301,700
Restricted	6,859,588	4,737,829	5,281,147	5,478,471	5,428,803	5,412,104	5,290,307	6,267,194	6,741,831	7,101,898
Unrestricted	(18,201,149)	(16,886,819)	(14,833,178)	(11,578,238)	(7,795,370)	(4,912,250)	(11,445,343)	(8,108,975)	3,428,718	6,475,964
	<u>\$ 27,764,580</u>	<u>\$ 22,370,914</u>	<u>\$ 24,815,800</u>	<u>\$ 27,070,789</u>	<u>\$ 30,498,909</u>	<u>\$ 33,298,304</u>	<u>\$ 26,358,698</u>	<u>\$ 30,578,336</u>	<u>\$ 43,355,824</u>	<u>\$ 46,879,562</u>

PASQUOTANK COUNTY, NORTH CAROLINA

Table 2

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Expenses										
Governmental Activities										
General government	\$ 4,504,717	\$ 4,371,407	\$ 4,866,691	\$ 4,366,415	\$ 4,497,581	\$ 4,541,625	\$ 4,823,243	\$ 4,932,781	\$ 5,256,251	\$ 7,025,991
Public safety	12,115,245	12,153,277	12,767,074	13,043,334	14,267,608	15,013,392	14,694,971	15,012,070	15,772,823	17,270,371
Environmental protection	4,080	19,000	4,800	14,000			4,075	5,885		7,500
Economic and physical development	1,430,160	1,675,143	1,389,285	1,439,860	1,631,392	1,699,440	2,955,056	2,735,419	2,721,749	2,965,789
Human services	9,408,383	9,028,559	8,661,071	9,003,914	9,562,791	9,443,791	7,931,107	8,288,700	8,476,419	9,309,211
Cultural and recreation	1,865,816	1,661,193	1,670,523	1,770,294	1,782,318	1,828,863	1,861,477	1,976,225	2,112,493	2,244,835
Education	11,333,034	13,416,412	11,426,506	11,974,898	12,543,814	14,566,361	14,407,691	15,446,494	15,056,749	16,162,829
Interest on long-term debt	2,474,996	2,402,853	1,904,302	1,779,981	1,648,469	1,514,601	1,413,622	1,290,935	1,090,437	969,880
Total governmental activities expenses	\$ 43,136,431	\$ 44,727,844	\$ 42,690,252	\$ 43,392,696	\$ 45,933,973	\$ 48,608,073	\$ 48,091,242	\$ 49,688,509	\$ 50,486,921	\$ 55,956,406
Business-type activities:										
Landfill	4,396,341	4,381,824	4,336,684	4,321,414	4,423,469	4,556,483	4,576,940	4,848,660	5,453,425	5,509,220
Water and Sewer	2,944,424	5,591,137	5,554,140	5,911,650	5,411,199	5,206,884	5,499,936	5,704,690	5,877,501	6,294,941
Total business-type activities expenses	\$ 7,340,765	\$ 9,972,961	\$ 9,890,824	\$ 10,233,064	\$ 9,834,668	\$ 9,763,367	\$ 10,076,876	\$ 10,553,350	\$ 11,330,926	\$ 11,804,161
Total primary government expenses	\$ 50,477,196	\$ 54,700,805	\$ 52,581,076	\$ 53,625,760	\$ 55,768,641	\$ 58,371,440	\$ 58,168,118	\$ 60,241,859	\$ 61,817,847	\$ 67,760,567
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,951,827	\$ 1,938,918	\$ 1,887,423	\$ 2,029,493	\$ 1,908,641	\$ 2,513,412	\$ 1,946,979	\$ 1,910,745	\$ 2,139,723	\$ 2,121,055
Public safety	3,184,866	4,163,785	3,879,152	4,480,914	5,044,494	5,041,107	4,744,855	5,471,673	5,557,720	5,551,660
Environmental protection	5,244	5,300	5,200	5,184	5,210	5,185	5,161	6,499	5,130	5,096
Economic and physical development	85,787	85,030	77,615	80,216	81,326	12,717	13,256	12,097	26,443	41,626
Human services	77,100	61,948	83,117	56,238	75,894	50,119	62,428	38,575	41,432	23,919
Cultural and recreation	158,493	123,283	31,871	29,197	25,165	23,935	22,571	21,647	15,919	6,008
Operating grants and contributions	9,381,415	7,948,607	7,806,257	8,316,899	8,739,444	8,788,995	7,423,181	7,173,501	7,288,386	9,447,970
Capital grants and contributions	43,000	25,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	55,990
Total governmental activities program revenues	14,887,732	14,351,871	13,810,635	15,038,141	15,920,174	16,475,470	14,258,431	14,674,737	15,114,753	17,253,324

Business-type activities:

Charges for services:

Landfill	4,665,273	4,779,675	4,722,863	4,728,688	4,899,681	5,044,292	4,999,796	5,000,974	5,459,705	5,521,743
Water and Sewer	3,182,532	4,599,497	5,214,783	5,970,406	5,559,760	5,640,934	5,882,659	6,323,680	5,788,236	5,772,312
Operating grants and contributions	478,881	266,061	316,820	289,536	263,650	244,353	249,495	219,372	305,475	219,231
Capital grants and contributions	500,000		27,083					167,000	104,200	106,800
Total business-type activities program revenues	8,826,686	9,645,233	10,281,549	10,988,630	10,723,091	10,929,579	11,131,950	11,711,026	11,657,616	11,620,086
Total primary government revenues	\$ 23,714,418	\$ 23,997,104	\$ 24,092,184	\$ 26,026,771	\$ 26,643,265	\$ 27,405,049	\$ 25,390,381	\$ 26,385,763	\$ 26,772,369	\$ 28,873,410

Net (Expense)/Revenue

Governmental Activities	(28,248,699)	(30,375,973)	(28,879,617)	(28,354,555)	(30,013,799)	(32,132,603)	(33,832,811)	(35,013,772)	(35,372,168)	(38,703,082)
Business-type activities	1,485,921	(327,728)	390,725	755,566	888,423	1,166,212	1,055,074	1,157,676	326,690	(184,075)
Total primary government net (expense)/revenue	\$ (26,762,778)	\$ (30,703,701)	\$ (28,488,892)	\$ (27,598,989)	\$ (29,125,376)	\$ (30,966,391)	\$ (32,777,737)	\$ (33,856,096)	\$ (35,045,478)	\$ (38,887,157)

General Revenues and Other Changes in Net Position

Governmental Activities:

Property taxes, levied for general purpose	\$ 20,980,483	\$ 21,143,588	\$ 22,424,968	\$ 22,496,725	\$ 22,983,747	\$ 23,471,045	\$ 25,716,094	\$ 25,636,964	\$ 25,889,311	\$ 26,429,150
Local option sales tax	6,616,271	6,745,157	6,552,816	7,143,039	7,576,662	7,684,369	7,801,485	9,456,911	10,489,784	12,146,786
Other taxes and licenses	1,160,421	1,135,736	1,331,191	1,059,329	1,459,084	1,556,043	2,347,523	1,830,518	2,250,968	2,786,889
Investment earnings	66,529	51,099	53,767	86,969	106,796	123,466	180,119	317,233	284,240	32,347
Unrestricted intergovernmental	100,955	94,163	102,098	110,548	101,525	106,073	105,122	104,569	105,157	101,181
Albemarle Hospital Authority-Escrow									8,107,375	
Special item-gain on sale of beach property	1,199,122									
Special item-transfer to Albemarle Hospital	(799,123)									
Special item-interest earnings						855,939				
Miscellaneous, unrestricted	720,328	155,687	425,225	238,738	230,737	235,251	494,239	374,409	417,465	798,170
Transfers	139,262	135,781			100,000	100,000	100,000	100,000	100,000	100,000
Total Governmental Activities:	\$ 30,184,248	\$ 29,461,211	\$ 30,890,065	\$ 31,135,348	\$ 32,558,551	\$ 34,132,186	\$ 36,744,582	\$ 37,820,604	\$ 47,644,300	\$ 42,394,523

Business-type Activities:

Investment earnings	5,663	32,486	40,881	53,284	69,126	79,327	135,355	305,394	215,096	19,362
Gain of sale of assets										
Miscellaneous, unrestricted	42,810	40,710	2,832	17,185	70,443	62,893	48,614	49,736	63,570	90,682
Transfers	(139,262)	(135,781)			(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Special item-transfer of sewer line		(3,751,568)								
Total Business-type Activities:	(90,789)	(3,814,153)	43,713	70,469	39,569	42,220	83,969	255,130	178,666	10,044
Total primary government	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015	\$ 4,050,814	\$ 4,219,638	\$ 12,777,488	\$ 3,517,410

Change in Net Position

Governmental activities	1,935,549	(914,762)	2,010,448	2,780,793	2,544,752	1,999,583	2,911,771	2,806,832	12,272,132	3,691,441
Business-type activities	1,395,132	(4,141,881)	434,438	826,035	927,992	1,208,432	1,139,043	1,412,806	505,356	(174,031)
Total primary government	\$ 3,330,681	\$ (5,056,643)	\$ 2,444,886	\$ 3,606,828	\$ 3,472,744	\$ 3,208,015	\$ 4,050,814	\$ 4,219,638	\$ 12,777,488	\$ 3,517,410

PASQUOTANK COUNTY, NORTH CAROLINA**FUND BALANCES, GOVERNMENTAL FUNDS****LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

Table 3

	Fiscal Year									
	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
General Fund										
Nonspendable	\$ 39,043	\$ 10,213	\$ 10,439	\$ 11,238	\$ 14,076	\$ 406	\$ 72,325	\$ 369,221	\$ 250,977	\$ 250,564
Committed	4,336,849	1,653,600	655,945	175,851	134,241	93,234	52,588	28,929	144,843	216,661
Restricted	6,575,952	6,010,531	5,871,713	4,755,290	4,812,206	5,096,632	5,150,051	4,970,515	4,240,297	6,108,197
Assigned:										
Subsequent year's expenditures	796,800	700,000	700,000	563,860	606,526	611,637	712,643	633,987	550,843	466,531
Unassigned	19,208,290	18,290,062	9,559,897	9,436,687	8,445,410	6,031,553	5,628,244	4,852,615	4,847,735	4,780,874
Total General Fund	<u>\$ 30,956,934</u>	<u>\$ 26,664,406</u>	<u>\$ 16,797,994</u>	<u>\$ 14,942,926</u>	<u>\$ 14,012,459</u>	<u>\$ 11,833,462</u>	<u>\$ 11,615,851</u>	<u>\$ 10,855,267</u>	<u>\$ 10,034,695</u>	<u>\$ 11,822,827</u>
All other governmental funds										
Restricted	\$ 28,888	\$ 33,892	\$ 395,481	\$ 535,017	\$ 599,898	\$ 328,420	\$ 370,457	\$ 497,532	\$ 17,422	\$ 17,422
Committed			31,015	24,391	26,653	19,232	27,786	31,665		
Nonspendable	\$ 33,291									
Assigned:										
Subsequent year's expenditures										
Unassigned:										
Special Revenue	580,352	736,332						836	717,383	717,383
Total all other governmental funds	<u>\$ 642,531</u>	<u>\$ 770,224</u>	<u>\$ 426,496</u>	<u>\$ 559,408</u>	<u>\$ 626,551</u>	<u>\$ 347,652</u>	<u>\$ 398,243</u>	<u>\$ 530,033</u>	<u>\$ 734,805</u>	<u>\$ 734,805</u>

PASQUOTANK COUNTY, NORTH CAROLINA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 4

	2010-2011	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Revenues										
Ad valorem taxes and assessments	\$ 20,401,765	\$ 21,135,591	\$ 22,347,619	\$ 22,471,799	\$ 22,870,523	\$ 23,589,387	\$ 25,696,721	\$ 25,544,139	\$ 25,709,465	\$ 26,440,509
Other taxes and licenses	7,598,823	7,885,238	7,887,940	8,212,043	9,039,814	9,244,163	10,156,923	11,300,480	12,752,794	14,940,929
Permits and fees	357,957	437,223	375,341	481,275	582,538	407,950	405,268	404,548	424,802	473,988
Charges for services	3,638,588	4,498,508	4,354,985	4,850,640	4,850,395	4,931,917	4,691,355	5,254,084	5,009,476	5,101,446
Intergovernmental	7,449,731	7,083,115	6,979,502	7,405,974	7,713,972	7,762,526	6,416,266	6,116,196	6,205,269	8,295,392
Investment earnings	55,885	51,731	54,459	87,925	106,796	123,466	180,119	317,233	284,240	32,347
Other revenue	2,274,986	2,572,696	2,631,846	2,658,961	3,096,253	3,725,743	3,342,164	3,406,495	12,103,044	4,265,793
Total revenues	\$ 41,777,735	\$ 43,664,102	\$ 44,631,692	\$ 46,168,617	\$ 48,260,291	\$ 49,785,152	\$ 50,888,816	\$ 52,343,175	\$ 62,489,090	\$ 59,550,404
Expenditures										
General government	\$ 3,429,210	\$ 3,682,197	\$ 3,912,257	\$ 3,732,368	\$ 3,712,881	\$ 3,646,697	\$ 3,921,282	\$ 4,047,832	\$ 4,252,964	\$ 5,993,629
Public safety	9,871,630	10,417,299	11,006,759	11,473,284	12,578,568	13,015,945	12,690,752	12,984,488	13,105,572	14,311,633
Environmental protection	11,212	19,000	4,800	14,000			4,075	5,885		7,500
Economic and physical development	1,203,993	1,565,136	1,276,477	1,337,550	1,513,578	1,581,074	2,835,392	2,623,753	2,583,923	2,823,410
Human services	8,820,738	8,694,627	8,515,307	8,859,207	9,210,326	8,940,363	7,490,137	7,835,587	7,834,724	8,529,871
Cultural and recreational	1,381,783	1,502,694	1,511,178	1,627,785	1,631,569	1,646,325	1,693,594	1,796,477	1,921,100	2,038,004
Education	11,101,392	13,379,390	11,407,740	11,974,898	10,750,400	11,915,869	13,399,000	13,524,000	13,799,000	14,089,429
School construction and renovations					1,787,632	2,644,710	1,002,909	1,916,712	1,251,967	2,073,400
Jail construction										
Capital outlay	1,066,141	842,611	1,502,314	753,990	651,001	1,272,434	1,504,972	1,326,843	1,616,527	984,905
Debt service										
Principal	3,217,550	3,873,912	4,025,805	4,419,887	4,594,235	4,568,295	4,931,365	5,076,331	5,331,924	3,689,905
Interest and fees	2,247,733	2,375,252	2,049,437	1,810,655	1,672,450	1,530,584	1,442,014	1,318,111	1,149,249	950,211
Total expenditures	\$ 42,351,382	\$ 46,352,118	\$ 45,212,074	\$ 46,003,624	\$ 48,102,640	\$ 50,762,296	\$ 50,915,492	\$ 52,456,019	\$ 52,846,950	\$ 55,491,897
Excess of revenues over (under) expenditures	\$ (573,647)	\$ (2,688,016)	\$ (580,382)	\$ 164,993	\$ 157,651	\$ (977,144)	\$ (26,676)	\$ (112,844)	\$ 9,642,140	\$ 4,058,507
Other financing sources (uses)										
Proceeds from installment purchase obligations	365,000	11,443,309	1,270,000	545,000		3,295,000	790,000	1,735,000	468,000	
Proceeds from QSCB										
Payment to refunded bond escrow agent		(10,883,978)								
Transfers in	139,262	135,781			100,000	100,000	100,000	100,000	100,000	100,000
Transfers out										
Transfer (to) from component unit										
Sale of capital assets										
Total other financing sources (uses)	\$ 504,262	\$ 695,112	\$ 1,270,000	\$ 545,000	\$ 100,000	\$ 3,395,000	\$ 890,000	\$ 1,835,000	\$ 568,000	\$ 100,000
Net change in fund balances	\$ (69,385)	\$ (1,992,904)	\$ 689,618	\$ 709,993	\$ 257,651	\$ 2,417,856	\$ 863,324	\$ 1,722,156	\$ 10,210,140	\$ 4,158,507
Debt service as a percentage of noncapital expenditures	13.2%	13.7%	13.9%	13.8%	13.2%	12.3%	12.9%	12.5%	12.7%	8.5%

PASQUOTANK COUNTY, NORTH CAROLINA

Table 5

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Real Property	Commercial Property	Industrial Property	Public Service Company Property	Other	Personal Property	Total Assessed Value	Total Direct Tax Rate (1)	Ratio of Assessed Value to Estimated Actual Value (2)
2012	\$ 2,359,477,398	\$ 551,061,450	\$ 57,839,760	\$ 55,314,789	\$ 188,565,800	\$ 151,222,537	\$ 3,363,481,734	0.62	103%
2013	2,350,367,220	564,459,000	57,839,760	60,344,042	210,101,856	153,440,452	3,396,552,330	0.62	107%
2014	2,245,892,762	564,459,000	57,839,760	59,301,153	227,377,514	356,589,776	3,511,459,965	0.63	120%
2015	1,882,163,656	570,103,590	57,839,760	66,637,723	237,253,773	162,842,820	2,976,841,322	0.76	101%
2016	1,902,723,849	512,226,200	57,839,760	82,438,567	297,841,524	162,716,135	3,015,786,035	0.76	104%
2017	1,931,923,925	512,226,200	57,839,760	87,383,577	312,623,833	174,122,536	3,076,119,831	0.76	96%
2018	2,017,335,265	613,683,366	57,839,760	87,286,345	317,220,832	186,311,114	3,279,676,682	0.77	96%
2019	2,024,945,723	615,823,200	57,839,760	86,741,268	324,012,618	204,942,225	3,314,304,794	0.77	90%
2020	2,045,195,180	615,823,200	57,839,760	78,891,686	336,586,672	206,977,914	3,341,314,412	0.77	86%
2021	2,068,952,010	615,823,200	57,839,760	81,739,316	380,977,375	212,361,905	3,417,693,566	0.77	86%

Note: Assessed valuations are established by the Board of Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed in 2014.

(1) Per \$100 in value

(2) Ratio is applicable to real property only.

PASQUOTANK COUNTY, NORTH CAROLINA

Table 6

PROPERTY TAX RATES-DIRECT AND ALL OVERLAPPING GOVERNMENTS
 (PER \$100.00 OF ASSESSED VALUE)
 LAST TEN FISCAL YEARS

	Year Taxes Are Payable									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County Direct Rates										
General	\$ 0.62	\$ 0.62	\$ 0.63	\$ 0.76	\$ 0.76	\$ 0.76	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77
Overlapping Rates:										
City Rates										
Elizabeth City	0.465	0.495	0.495	0.615	0.64	0.655	0.655	0.655	0.655	0.655
Municipal Service District	0.06	0.06	0.06	0.085	0.085	0.085	0.085	0.085	0.085	0.085

Note: Property was revalued in 2014.

PASQUOTANK COUNTY, NORTH CAROLINA

Table 7

PRINCIPAL TAXPAYERS

June 30, 2021

Name	2021		2012	
	Assessed Value	Percent Of Total Assessed Value (1)	Assessed Value	Percent Of Total Assessed Value (2)
Carolina Tel & Tel Co.	\$		\$ 14,850,617	0.44
Desert Wind Farm	172,941,920	5.06		
C T Port Elizabeth			10,352,900	0.31
Walmart Real Estate Business	15,240,300	0.45	16,478,400	0.49
Lowe's Home Centers Inc	11,750,060	0.34	12,296,550	0.37
J. W. Jones Lumber Co., Inc.			11,370,675	0.34
D S R Technologies			16,219,500	0.48
Dominion North Carolina Power	30,910,848	0.90	13,958,690	0.42
Elizabeth City Health Care	11,848,800	0.35		
Tanglewood Lake Apartments, LLC	13,906,600	0.41	16,134,100	0.48
FPI Carolinas, LLC	14,790,800	0.43		
Tanglewood Parkway, Eliz City, LLC	13,491,700	0.39		
Five C's Inc	15,094,660	0.44	14,850,620	0.44
Albemarle Electric Membership Corp	17,552,560	0.51	17,171,382	0.51

(1) Total assessed value for 19/20: \$ 3,417,693,566

(2) Total assessed value for 11/12 \$ 3,363,481,734

PASQUOTANK COUNTY, NORTH CAROLINA

Table 8

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Total Collections As Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
2011-2012	\$ 20,899,852	\$ 19,930,829	95.36	\$ 849,264	\$ 20,780,093	99.43	\$ 1,525,451	7.30
2012-2013	21,118,477	20,131,540	95.28	810,356	20,941,896	99.16	1,552,768	7.35
2013-2014	22,322,461	21,375,071	94.69	730,423	22,105,494	99.42	1,635,949	7.33
2014-2015	22,572,277	21,771,932	94.76	538,475	22,310,407	99.16	1,767,806	7.83
2015-2016	22,983,545	22,041,137	95.67	627,565	22,668,702	99.12	1,927,215	8.39
2016-2017	23,437,650	22,564,652	96.45	810,777	23,375,429	98.84	1,797,288	7.67
2017-2018	25,372,596	24,489,372	96.65	977,821	25,467,193	98.63	1,807,717	7.12
2018-2019	25,576,657	24,845,254	96.83	612,917	25,458,171	99.73	1,871,113	7.32
2019-2020	25,831,896	24,981,896	96.71	594,408	25,576,304	99.01	2,064,492	7.99
2020-2021	26,361,154	25,603,645	97.13	732,042	26,335,687	99.90	2,032,101	7.70

Note: This schedule includes data from General Fund countywide property tax levy.

PASQUOTANK COUNTY, NORTH CAROLINA

Table 9

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Governmental Activities						Business-type Activities			Percentage of Personal Income (1)	Per Capita (1)
	Certificates of Participation	Unamortized Premium on COPS	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Advance Refunding	Installment Purchase	Water Revenue Bonds	Installment Purchase	Total Primary Government		
2012	\$ 22,030,000	\$ 574,132	\$ 1,591,043	\$ 2,000,000	\$	\$ 33,593,567	\$ 15,161,429	\$ 409,175	\$ 75,359,346	6.03%	1,857
2013	9,945,000	516,386	1,444,022	1,866,667	10,943,309	32,165,010	14,569,130	302,644	71,752,168	5.77%	1,826
2014	8,205,000	457,950	1,297,002	1,733,333	10,943,309	31,429,559	13,950,666	193,157	68,209,976	4.99%	1,842
2015	6,985,000	399,514	1,149,980	1,600,000	10,117,655	29,880,680	13,304,879	80,413	63,518,121	4.48%	1,773
2016	5,715,000	341,078	1,002,959	1,466,666	9,240,366	27,714,087	12,630,563	58,036	58,168,755	4.02%	1,431
2017	4,395,000	282,642		1,333,333	8,373,105	28,908,407	11,756,620	35,188	55,084,295	3.63%	1,386
2018	3,005,000	224,206		1,200,000	7,509,583	27,153,897	10,968,146	11,853	50,072,685	3.20%	1,243
2019	1,545,000	165,770		1,066,667	6,649,895	26,265,587	10,155,920		45,848,839	N/A	1,151
2020		87,869		933,333	5,794,141	23,935,751	9,319,228		40,070,322	N/A	1,007
2021		76,152		800,000	4,948,973	21,224,347	8,457,331		35,506,803		

(1) Personal Income and Per Capita Income can be found in Table 12.

PASQUOTANK COUNTY, NORTH CAROLINA

COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2021

Table 10

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value of taxable property	\$ 3,417,693,566
	x 0.08
Debt limit - 8 percent of assessed value	<u>273,415,485</u>
Gross debt:	
Qualified School Construction Bonds	800,000
Bank Qualified	4,948,973
Total bonded debt	8,457,331
Installment purchase debt	<u>21,224,347</u>
Gross debt	35,430,651
Less: Enterprise Fund debt	<u>8,457,331</u>
Total amount of debt applicable to debt limit	<u>26,973,320</u>
Legal debt margin	<u>\$ 246,442,165</u>

	Fiscal Year									
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt limit	269,078,539	271,724,186	280,916,797	238,147,306	241,262,883	246,089,586	262,374,135	265,144,384	267,305,153	273,415,485
Total net debt applicable to limit	<u>59,872,674</u>	<u>56,364,008</u>	<u>53,608,203</u>	<u>50,131,871</u>	<u>45,139,080</u>	<u>43,009,845</u>	<u>38,868,470</u>	<u>35,527,149</u>	<u>30,663,225</u>	<u>26,973,320</u>
Legal debt margin	209,205,865	215,360,178	227,308,594	188,015,435	196,123,803	203,079,741	223,505,665	229,617,235	236,641,928	246,442,165
Total net debt applicable to the limit as a percentage of debt limit	22.25%	20.74%	19.08%	21.05%	18.71%	17.48%	14.81%	13.40%	11.47%	9.87%

PASQUOTANK COUNTY, NORTH CAROLINA

Table 11

**ENTERPRISE FUND-WATER SYSTEM
 REVENUE BOND COVERAGE
 CURRENT YEAR**

Fiscal Year Ending June 30	Gross Revenue (1)	Total Expenditures (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2012	\$ 3,444,454	\$ 1,939,626	\$ 1,504,828	\$ 567,239	\$ 681,213	\$ 1,248,452	1.21
2013	4,818,289	3,501,106	1,317,183	592,298	656,154	1,248,452	1.06
2014	5,420,966	3,546,098	1,874,868	618,465	629,987	1,248,452	1.50
2015	6,173,502	3,809,589	2,363,913	645,787	602,665	1,248,452	1.89
2016	5,774,353	3,443,799	2,330,554	674,316	735,123	1,409,439	1.65
2017	5,861,232	3,422,534	2,438,698	873,943	260,204	1,134,147	2.15
2018	6,150,698	3,751,655	2,399,043	788,474	345,673	1,134,147	2.11
2019	6,737,268	4,009,802	2,727,466	812,226	321,921	1,134,147	2.40
2020	6,130,011	4,164,729	1,965,282	836,692	297,455	1,134,147	1.73
2021	5,992,624	4,538,883	1,453,741	861,897	263,148	1,125,045	1.29

(1) Gross revenue includes operating revenue, tower rental, sales tax refund, payment from the City and interest revenue.

(2) Expenditures do not include noncash outlays such as depreciation, amortization, and loss on sale of assets or charges for indirect costs, which are budgeted at the discretion of the Board.

PASQUOTANK COUNTY, NORTH CAROLINA

Table 12

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Median Age (4)	Unemployment Rate (%) (5)	Retail Sales (6)	School Enrollment (7)
2011	40,661	\$ 1,166,885,000	\$ 28,673	36	10.1	\$ 366,958,373	5,884
2012	40,605	1,250,654,000	30,811	36.3	10.7	391,643,663	5,792
2013	40,179	1,243,010,000	31,090	39.5	10.8	430,289,252	5,691
2014	39,458	1,365,927,000	34,331	37.5	9.0	381,438,721	5,647
2015	39,655	1,415,928,000	35,550	37.4	7.8	403,989,681	5,744
2016	39,691	1,448,250,000	36,330	37.9	6.4	452,153,218	5,739
2017	39,731	1,517,160,000	38,174	38.5	5.2	477,153,630	5,606
2018	40,284	1,562,431,000	39,417	38.6	5.0	474,566,687	5,471
2019	39,842	1,608,396,000	40,388	38.2	5.1	526,137,151	5,355
2020	39,790	N/A	N/A	38.6	7.1	563,033,468	5,159
2021	39,953	N/A	N/A	N/A	5.4	674,842,600	4,676

Sources:

(1) North Carolina Department of Revenue, Tax Research Division

(2) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County

(3) Bureau of Economic Analysis - Regional Economic Information for Pasquotank County

(4) U.S. Census Bureau

(5) North Carolina Department of Commerce-Division of Employment

(6) North Carolina Department of Revenue, Tax Research Division

(7) N.C. Public School-ADM Report-Internet

PASQUOTANK COUNTY, NORTH CAROLINA

Table 13

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total County Employment (1)</u>	<u>Employees</u>	<u>Percentage of Total County Employment (2)</u>
Elizabeth City State University	505	3.09%	783	4.44%
Pasquotank County Board of Education	811	4.97%	1,014	5.75%
Sentara Albemarle Medical Center	661	4.05%	1,051	5.96%
U S Department of Homeland Security	1,597	9.78%	1,406	7.98%
State of NC Department of Public Safety	293	1.79%	368	2.09%
College of the Albemarle	530	3.25%	490	2.78%
Albemarle Regional Health Services	264	1.62%	346	1.96%
Pasquotank County	462	2.83%	403	2.29%
Wal-Mart Associates, Inc.	456	2.79%	390	2.21%
City of Elizabeth City	288	1.76%	309	1.75%
Food Lion	369	2.26%	N/A	N/A

Source: Employment Security Commission

(1) Based on a total labor force employed of 16,330

(2) Based on a total labor force employed of 17,620

PASQUOTANK COUNTY, NORTH CAROLINA

Table 14

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of December 31</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	48	46	43.5	45	46	44.5	44.5	44.5	44.0	46.0
Public Safety	124.5	131.0	140	145.5	148.0	154.5	158	156.5	168.0	169.0
Economic and physical development	12.0	11.5	11.5	11.5	8.5	7	9	10.5	5.5	5.5
Human Services	87	87	86	87	90	91.5	90	92	97	97
Cultural and recreational	11.5	14.5	15	12	13	13	13	12	13	13
Water System	19	20	20	22	21	21	20	21	21	22
Waste Water	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Landfill/Solid Waste	27	27	27	27	28	28	28	26	28	29
Total	330.5	338.5	344.5	351.5	356.0	361.0	364.0	364.0	377.5	383.0

Source: Information provided by the Human Resources Department flexible period earnings report.

Note: A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,080 hours are scheduled per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

PASQUOTANK COUNTY, NORTH CAROLINA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Table 15

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Register of Deeds										
Marriage licenses issued	267	205	228	269	281	279	268	260	248	259
Certified copies requested	4,996	4,847	5,734	4,513	4,656	4,820	5,724	6,422	6,225	987
Cultural & Recreational										
Library										
Number of volumes	82,541	78,626	85,570	81,219	83,780	90,038	85,205	85,655	80,767	78,228
Total patrons served	166,636	133,958	127,523	111,291	107,888	102,023	102,781	95,556	72,114	5,884
Public Safety:										
Sheriff's Office										
Number of arrests	820	884	879	780	851	1,261	1,271	1,008	1,180	520
Number of transports	230	290	281	304	295	235	314	303	300	2,656
Civil papers/Subpoenas served	10,731	10,863	10,106	9,259	8,174	7,550	7,110	7,073	7,874	5,155
Central Communications-911										
Calls received										
Wireline	8,237	6,663	6,773	6,521	6,832	6,073	6,745	5,585	5,901	11,070
Wireless	20,755	19,442	20,670	22,568	23,338	17,974	20,543	18,899	21,012	16,808
Emergency Medical Services										
Emergency responses	6,853	6,895	6,953	7,690	8,216	8,612	8,597	8,749	8,768	8,557
Non-emergency transports	1,142	2,416	3,719	3,688	3,043	3,302	3,768	4,139	4,031	3,954
Inspections department										
Building permits issued	661	753	647	645	816	785	862	1,012	1,119	1,022
Water system										
Number of customers	7,099	7,125	7,203	7,175	7,252	7,302	7,338	7,830	7,966	8,045
Sewer system										
Number of customers	19	19	18	18	18	17	18	18	15	16
Landfill Fund										
Collections in tons:										
Garbage	32,924	31,773	31,147	32,458	33,962	35,635	34,680	23,382	26,066	26,130
Construction & Demolition	9,816	10,209	10,552	6,752	14,521	12,229	13,425	14,600	17,050	17,050
Vegetative refuse	7,213	5,650	8,787	5,172	5,218	6,832	4,859	5,037	6,463	5,565
Recyclables	1,225	6,346	4,247	961	975	4,146	4,893	3,980	2,483	4,845
Electronics	88	153	95	114	87	60	28	35	31	42
White goods/metals	290	260	220	298	418	478	536	466	578	604
Scrap tires	1,106	1,046	942	841	831	919	1,329	1,201	880	1,066

N/A Information is not available for these years.

Source: Information provided by from data collected by individual departments and provided to the Finance Department.

PASQUOTANK COUNTY, NORTH CAROLINACAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Table 16

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire Stations*	7	7	7	7	7	7	7	7	7	7
Emergency Medical Services										
Ambulances	9	12	12	12	13	13	13	13	13	12
Non-Emergency Vehicles				1	1	2	1	1	1	
Quick response vehicles	5	5	5	5	6	6	6	6	6	6
Parks and Recreation*										
Number of parks	25	25	25	25	25	25	25	25	25	25
Playgrounds	13	13	13	13	13	13	13	13	13	13
Athletic fields	18	18	18	18	18	18	18	18	18	18
Total acres	336	336	336	336	336	336	336	336	336	336
Water System										
Water mains (miles)	278	278	278	278	278	278	278	278	340	340
Fire hydrants	543	543	543	545	547	548	551	551	550	573
Average daily water plant production	1,314,833	1,499,000	1,605,284	1,780,212	1,803,454	1,664,000	1,664,000	1,637,000	1,608,000	1,595,000
Waste Water System										
Average daily waste water treated	117,138	116,647	132,564	161,809	130,278	53,500	47,000	46,000	55,525	83,647

Source: Information provided by from data collected by individual departments and the City of Elizabeth City and provided to the Finance Department.

* Includes City of Elizabeth City

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 Auditor's Report

To the Board of County Commissioners
Pasquotank County
Elizabeth City, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pasquotank County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Pasquotank County's basic financial statements, and have issued our report thereon dated November 10, 2021. Our report includes a reference to other auditors who audited the financial statements of the Albemarle Hospital Authority as described in our report on Pasquotank 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 Albemarle Hospital Authority and EC-PC Tourism Development Authority 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 Pasquotank 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 Pasquotank County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Wilmington, North Carolina

November 10, 2021



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

Independent Auditor's Report

To the Board of County Commissioners
Pasquotank County
Elizabeth City, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Pasquotank 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 – 002. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2021 – 001 and 2021-002 that we consider to be significant deficiencies.

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

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

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

Wilmington, North Carolina

November 10, 2021



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

Independent Auditor's Report

To the Board of County Commissioners
Pasquotank County
Elizabeth City, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major State Program

In our opinion, Pasquotank 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.

Report on Internal Control Over Compliance

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

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

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

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

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

Wilmington, North Carolina

November 10, 2021

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes X No

Significant Deficiency(s) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes X No

Significant Deficiency(s) identified? 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 Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.778	Medical Assistance Program
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? Yes X No

State Awards

Internal control over major State programs:

Material weaknesses identified? Yes X No

Significant Deficiency(s) identified? Yes X None Reported

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

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

Identification of major State programs:

Program Name

Public School Building Capital Funds

Section II. Financial Statement Findings

None.

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section III. Federal Award Findings and Questioned Costs

Significant Deficiency

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 – 001

Eligibility

Criteria: Medicaid for Aged, Blind and Disabled and Medicaid for Family & Children case records should contain documentation that verifications were done in preparation of the application and these items will agree to reports in the NC FAST system. In this process, documentation should be present and agree back to the records in the NC FAST system. Any items discovered in the process should be considered resources and explained within the documentation.

Condition: There were twelve (12) technical errors discovered during our procedures that resources in the county documentation and those same resources contained in NC FAST were not the same amounts or files containing resources were not properly documented to be considered countable or non-countable. The errors were as follows: Five (5) cases did not have accurate budget calculations, Four (4) cases had a failure to complete at least one compliance component, One (1) case contained an information input error, Two (2) cases contained an inaccurate needs unit calculation.

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

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

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

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

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

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

PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Significant Deficiency/Noncompliance

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 – 002

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 was one error in a case discovered during our procedures that a client was ineligible due to incomplete closure of a denied SSI ex parte review. One applicant/beneficiaries received assistance for which the recipient was not eligible.

Questioned Costs: The amount of claims paid on behalf of the above ineligible participants for fiscal year ending 6/30/2021 did not exceed the threshold for a questioned cost determination.

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

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

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

Section IV. State Award Findings and Questioned Costs

None Reported.



**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section II. Financial Statement Findings

None.



**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021 – 001 Eligibility

Name of contact person: Kathy Ford, Director and Jennifer Forlines, Income Maintenance Program Administrator

Corrective Action: A written Internal Quality Review Process was developed to capture and describe the process of required second party reviews per State guidelines as well as local processes within the agency. The State provided DHB-7078 - 2nd Party Review Worksheet was expanded to include a weighted score for monitoring error trends and patterns for individual staff and the unit as a whole. The enhanced review sheet allows for measuring improvement and determining where additional training is needed. Supervisors complete second party reviews monthly for all staff, conduct targeted reviews for errors identified and hold individual worker conferences monthly to review discrepancies discovered during review and provide instruction as needed. Training will be conducted during team meetings to review errors and provide guidance and instruction to staff for policy and NC FAST functionality updates. what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

Proposed Completion Date: Training and review of the Internal Quality Review process and performance expectations was completed with all staff October 2021 and is included with onboarding of new employees moving forward. The enhanced second party review worksheet was shared with staff October 2021 and has been incorporate as an ongoing practice. Second party reviews are conducted monthly and continue as an ongoing practice.



**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021 – 002 Eligibility

Name of contact person: Kathy Ford, Director and Jennifer Forlines, Income Maintenance Program Administrator

Corrective Action: Modification to the local agency's verification form used for ex parte review was completed to ensure policy and NC FAST functionality processes are followed. The State provided DHB-7078 - 2nd Party Review Worksheet was expanded to include a weighted score for monitoring error trends and patterns for individual staff and the unit as a whole. The enhanced review sheet allows for measuring improvement and determining where additional training is needed. Supervisors complete second party reviews monthly for all staff, conduct targeted reviews for errors identified and hold individual worker conferences monthly to review discrepancies discovered during review and provide instruction as needed. Training will be conducted during team meetings to review errors and provide guidance and instruction to staff for policy and NC FAST functionality updates.

Proposed Completion Date: Training on policy and procedure specific to SSI cases was conducted with the individual worker and the unit as a whole in September 2021. Second party reviews are conducted monthly and continue as an ongoing practice.

Section IV. State Award Findings and Questioned Costs

None Reported.

**PASQUOTANK COUNTY
ELIZABETH CITY, NORTH CAROLINA**

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Status:

2020-001	Still occurring.
2019-001	Still occurring.
2016-001	Corrected.
2016-002	Corrected.

PASQUOTANK COUNTY, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Schedule K-1

Page 1 of 4

Grantor/Pass-through Grantor Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients
Federal Grants:					
U.S. Department of Health and Human Services					
Stephanie Tubbs Jones Child Welfare Services Program:					
Permanency Planning: Families for Kids	93.645		\$ 2,939	\$ -	\$ -
Social Services Block Grant-Other Services and Training	93.667		123,762	-	-
Total for Stephanie Tubbs Jones Child Welfare Services Program			126,701		
Passed through N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Temporary Assistance to Needy Families (TANF)/Work First	93.558		548,325	-	-
Division of Health Benefits:					
Division of Social Services:					
Administration:					
Medicaid Cluster					
Medical Assistance Program (Note 5)	93.778		1,827,208	4,118	-
Division of Social Services:					
Administration:					
State Children's Insurance Program - N.C. Health Choice (Note 5)	93.767		56,511	(409)	-
Foster Care and Adoption Cluster (Note 4 and 5)					
Title IV-E Foster Care - Administration	93.658		137,789	16,650	-
COVID-19-Foster Care-Title IV-E Supplemental Funding	93.658		6,100	-	-
Foster Care	93.658		53,017	24,537	-
Family Preservation	93.556		9,177	-	-
Title IV-E Optional Adoption Assistance	93.659		10,137	-	-
Total Foster Care and Adoption Cluster (Note 4 and 5)			216,220	41,187	-
Low Income Home Energy Assistance					
Energy Assistance Payments	93.568		612,589	70	-
John H Chafee Foster Care Program for Successful Transition to Adulthood	93.674		1,328	332	-
N.C. Child Support Enforcement Section	93.563		356,133	-	-
Division of Child Development and Early Education:					
Subsidized Child Care: (Note 3, 4 and 5)					
Child Care Development Fund Cluster					
Division of Social Services:					
Child Care Development Mandatory and Match Fund - Administration	93.596		79,940	-	-
Total U.S. Dept. of Health and Human Services			3,824,955	45,298	-
U.S. Department of Treasury					
Passed through the Office of State Budget and Management					
NC Pandemic Recovery Office					
Coronavirus Relief Fund	21.019		1,220,852	-	450,000
Passed through the N.C. State Board of Elections					
CARES Act Supplemental	21.019		20,240	-	-
Total U.S. Dept. of Treasury			1,241,092	-	450,000

PASQUOTANK COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule K-1

Page 2 of 4

Grantor/Pass-through Grantor Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients
Federal Grants Continued:					
U.S. Department of Homeland Security					
Passed through N.C. Department of Public Safety:					
Division of Governor's Crime Commission					
Emergency Management Program Grant	97.042	EPMG-2020-2020069	60,003	-	-
Division of Emergency Management					
Pasquotank County Elevation of (1) Residential Structure	97.039	HMGP 4285-0005-R	945	-	-
Pasquotank County Acquisition of (5) Residential Structures	97.039	HMGP 4285-0006-R	131,770	31,672	-
Total U.S. Dept. of Homeland Security			<u>192,718</u>	<u>31,672</u>	<u>-</u>
U.S. Department of Elections					
Passed through N.C. Department of Administration					
HAVA CARES Act Grant	90.404		74,109	-	-
HAVA CARES Act Grant	90.404	NC20101001-070	66,269	-	-
Total U.S. Dept. of Elections			<u>140,378</u>	<u>-</u>	<u>-</u>
U.S. Department of Justice					
Federal Bureau of Investigation-Safe Streets Task Force	16.999		4,091	-	-
Federal Bureau of Investigation-Organized Crime Drug Enforcement Task Force	16.111		3,608	-	-
Office of Community Oriented Policing Services	16.710		61,886	-	-
Coronavirus Emergency Supplemental Funding	16.034		28,077	-	-
Patrick Leahy Bulletproof Vest Partnership	16.999		4,457	-	-
Total U.S. Dept. of Justice			<u>102,119</u>	<u>-</u>	<u>-</u>
U.S. Department of Agriculture					
Passed through N.C. Dept. of Health and Human Services					
Division of Social Services					
Administration:					
SNAP Cluster					
State Administrative Matching Grants for the					
Supplemental Nutrition Assistance Program	10.561		651,483	-	-
Total U.S. Dept. of Agriculture			<u>651,483</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>6,152,745</u>	<u>76,970</u>	<u>450,000</u>

PASQUOTANK COUNTY, NORTH CAROLINASCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule K-1

Page 3 of 4

Grantor/Pass-through Grantor Program Title	Federal AL#/ CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed- through to Subrecipients
State Grants:					
N.C. Department of Health and Human Services					
Division of Social Services:					
Administration					
State/County Adult Day Care			-	7,437	-
APS/CPS Assessments-100% State		XS411	-	26,830	-
Total N.C. Dept. of Health and Human Services			-	34,267	-
N.C. Department of Agriculture and Consumer Services					
Division of Soil and Water Conservation-Technical Assistance		18-024-4085	-	12,532	-
N.C. Forestry Service			-	20,000	-
Total N.C. Dept. of Agriculture and Consumer Services			-	32,532	-
N.C. Department of Public Safety					
Department of Juvenile Justice and Delinquency Prevention					
Juvenile Crime Prevention Programs			-	174,280	174,280
Total N.C. Dept. of Public Safety			-	174,280	174,280
N.C. Department of Insurance					
SHIIP Grant			-	1,121	-
Volunteer Fire Department Fund			-	114,595	-
Total N.C. Dept. of Insurance			-	115,716	-
N.C. Department of Public Instruction					
Public School Building Capital Fund-Lottery Proceeds			-	410,700	-
Total N.C. Dept. of Public Instruction			-	410,700	-
N.C. Department of Environmental Quality					
Pasquotank County Pasquotank River Public Access Improvements		7791	-	74,396	-
Pasquotank County Pasquotank River Public Access Improvements		8093	-	73,324	-
Scrap Tire Grant			-	6,650	-
Total N.C. Dept. of Environmental Quality			-	154,370	-
Total State Awards			-	921,865	174,280
Total Federal and State Awards			\$ 6,152,745	\$ 998,835	\$ 624,280

PASQUOTANK COUNTY, NORTH CAROLINASCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Schedule K-1

Page 4 of 4

Notes to the Schedule of Expenditures of Federal and State Financial Awards:**1. Basis of Presentation**

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

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.

3. Indirect Cost Rate

Pasquotank County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Cluster of Programs

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

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 which do not appear in the financial statements because they are not revenues and expenditures of the County.

	<u>AL#/CFDA</u>	<u>Federal</u>	<u>State</u>
Temporary assistance for needy families	93.558	\$ 197,440	\$ -
Energy Assistance	93.568	468,087	390
Medicaid	93.778	41,474,748	18,887,963
Foster Care	93.658	22,370	17,460
Adoption Assistance	93.659	131,807	121,627
WIC	10.557	1,021,464	
Supplemental Nutrition Assistance Program	10.551	11,068,628	
Children's Health Insurance Program	93.767	902,674	65,562
Special Assistance for Adults			208,563
Special Assistance for the Disabled			230,055