WASHINGTON COUNTY, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2019

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COUNTY MANAGER

Curtis S. Potter

BOARD OF COUNTY COMMISSIONERS

Tracey Johnson - Chair

Jennifer C. Riddick

Julius Walker, Jr.

D. Cole Phelps

William R. Sexton, Jr.

COUNTY OFFICIALS

Missy Dixon
Finance Officer

Sherri Wilkins
Tax Administrator

Curtis S. Potter
County Attorney

Julie Bennett
Clerk to Board

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

INDEPENDENT AUDITORS' REPORT

Members of the Board of Commissioners
Washington County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Washington County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Washington County ABC Board, which represents 80.69%, 74.22%, and 87.13%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Washington County ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Washington County ABC Board were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Emergency Medical Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the County's Proportionate Share of Net Pension Liability (Asset) – LGERS, the Schedule of the County's Contributions – LGERS, the Schedule of Changes in Total Pension Liability – LEOSSA, the Schedule of Total Pension Liability as a Percentage of Covered Payroll – LEOSSA, the County's Proportionate Share of Net Pension Liability (Asset) – Register of Deeds Supplemental Pension Fund, the Schedule of the County's Contributions – Register of Deeds Supplemental Pension Fund, the Schedule of Changes in the County's Net Pension Liability – Hospital Pension, the Schedule of County Contributions – Hospital Pension, the Schedule of Pension Investment Returns – Hospital Pension, the Schedule of the County's Proportionate Share of Net OPEB Liability, and the Schedule of County Contributions – OPEB Plan, on pages 4-14 and 78-88, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund statements and schedules and the schedule of expenditures of federal and state awards (the "supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 21, 2020

WASHINGTON COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Washington County, we offer readers of Washington County's financial statements this narrative overview and analysis of the financial activities of Washington County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements following this narrative.

Financial Highlights: At the close of the fiscal year ending June 30, 2019**:**

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $7,453,710 (*total net position*)

- The County's total net position increased by $2,404,943 over the prior fiscal year ended June 30, 2019.

- The County's governmental funds reported combined ending fund balances of $9,799,632 after a net increase of $601,864 over the prior fiscal year ended June 30, 2018. Approximately 60.31% or $5,910,447 of this total amount is restricted, committed, or assigned for a particular purpose.

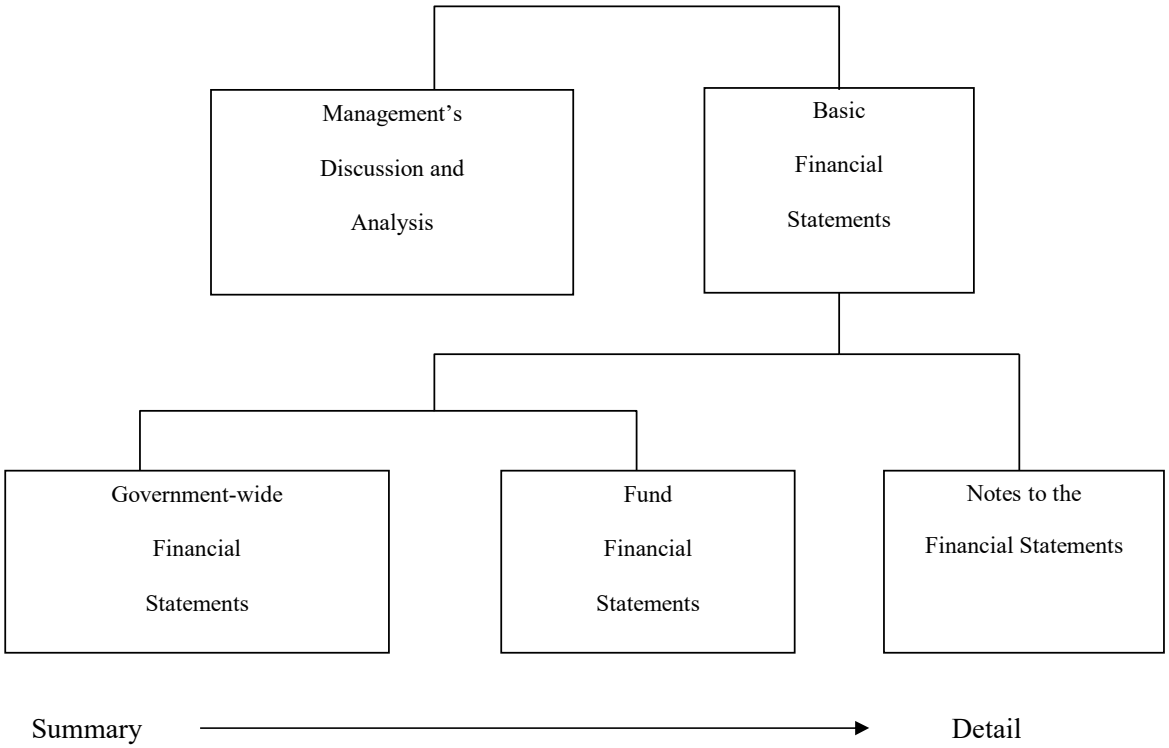
- Unassigned fund balance for the County's General Fund was $3,889,185 or approximately 29.68% of the combined $12,452,836 in total general fund expenditures and $648,724 in transfers out of the general fund.

- The County's total long term debt and liabilities decreased by $2,373,049 from the prior fiscal year ended June 30, 2018 and is described in more detail within Note 7 to the financial statements.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Following the notes, certain required supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together and reported in one "Nonmajor Governmental Funds" column on the basic financial statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are further divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide services. These include water and sanitation services offered by Washington County. The final category is the component units. The County ABC Board and the Tourism Authority are legally separate from the County, however the County is financially accountable for these Boards by appointing its members. Also, the ABC Board is required to distribute its profits to the County. Washington County Travel and Tourism Authority is financially dependent upon occupancy taxes levied by the County, which also appoints its Board members.

Fund Financial Statements

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

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

Washington County adopts an annual budget as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities.

The budgetary comparison statements provided for the General Fund, Emergency Medical Services Fund, and Other Governmental Funds demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statements use the budgetary basis of accounting and are presented using substantially the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances within the applicable fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Washington County maintains two enterprise funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Washington County uses enterprise funds to account for its water activity and for its sanitation operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of government. Washington County has four fiduciary funds, one of which is a pension trust fund for reporting purposes and three of which are agency funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Washington County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

Government-Wide Financial Analysis

WASHINGTON COUNTY'S NET POSITION
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 11,255,988	$ 10,880,612	$ 2,260,059	$ 1,881,439	$ 13,516,047	$ 12,762,051
Capital assets	12,349,998	11,538,197	6,854,168	7,118,286	19,204,166	18,656,483
Total assets	23,605,986	22,418,809	9,114,227	8,999,725	32,720,213	31,418,534
Total deferred outflows of resources	2,701,269	2,415,328	180,433	162,158	2,881,702	2,577,486
Long-term liabilities outstanding	14,886,073	17,247,391	6,490,100	6,862,570	21,376,173	24,109,961
Other liabilities	542,747	631,842	431,182	257,947	973,929	889,789
Total liabilities	15,428,820	17,879,233	6,921,282	7,120,517	22,350,102	24,999,750
Total deferred inflows of resources	5,432,819	3,698,234	365,284	249,269	5,798,103	3,947,503
Net position:						
Net investment in capital assets	11,997,744	11,020,273	2,652,397	2,688,006	14,650,141	13,708,279
Restricted	4,676,850	3,967,389	-	-	4,676,850	3,967,389
Unrestricted	(11,228,978)	(11,730,992)	(644,303)	(895,909)	(11,873,281)	(12,626,901)
Total net position	$ 5,445,616	$ 3,256,670	$ 2,008,094	$ 1,792,097	$ 7,453,710	$ 5,048,767

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $7,453,710 (total net position) as of June 30, 2019. The County's total net position increased by $2,404,943 during the fiscal year ended June 30, 2019. One of the largest portions $14,650,141 reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment less any related debt still outstanding that was used to acquire those items). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional $4,676,850 portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of ($11,228,978) is unrestricted.

WASHINGTON COUNTY'S CHANGES IN NET POSITION

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 2,454,414	$ 2,227,708	$ 2,770,672	$ 2,560,220	$ 5,225,086	$ 4,787,928
Operating grants and contributions	3,249,835	3,456,426	321,324	80,884	3,571,159	3,537,310
Capital grants and contributions	1,335,212	1,044,435	-	-	1,335,212	1,044,435
General revenues:						
Property taxes	8,437,130	7,908,062	-	-	8,437,130	7,908,062
Local option sales tax	1,921,267	1,918,615			1,921,267	1,918,615
Other taxes	313,875	243,702	-	-	313,875	243,702
Interest earnings	153,641	67,172	1,483	815	155,124	67,987
Miscellaneous	7,864	-	-	-	7,864	-
Total revenues	17,873,238	16,866,120	3,093,479	2,641,919	20,966,717	19,508,039
Expenses:						
General government	2,152,380	2,710,616	-	-	2,152,380	2,710,616
Public safety	3,631,867	3,793,810	-	-	3,631,867	3,793,810
Economic and physical developm	734,089	202,238	-	-	734,089	202,238
Human services	5,973,535	6,701,891	-	-	5,973,535	6,701,891
Cultural and recreation	569,042	544,593	-	-	569,042	544,593
Education	2,610,000	1,816,761	-	-	2,610,000	1,816,761
Interest on long-term debt	13,379	20,663	-	-	13,379	20,663
Sanitation	-	-	1,416,144	1,227,825	1,416,144	1,227,825
Water	-	-	1,461,338	1,362,034	1,461,338	1,362,034
Total expenses	15,684,292	15,790,572	2,877,482	2,589,859	18,561,774	18,380,431
Increase (decrease) before transfers	2,188,946	1,075,548	215,997	52,060	2,404,943	1,127,608
Transfers	-	(275,627)	-	275,627	-	-
Change in net position	2,188,946	799,921	215,997	327,687	2,404,943	1,127,608
Net position, beginning	3,256,670	16,203,073	1,792,097	2,254,621	5,048,767	18,457,694
Restatements	-	(13,746,324)	-	(790,211)	-	(14,536,535)
Net position, ending	$ 5,445,616	$ 3,256,670	$ 2,008,094	$ 1,792,097	$ 7,453,710	$ 5,048,767

Governmental activities: Governmental activities increased the County's net position by $2,188,946 accounting for approximately 91% of the total net position increase. Key elements of this increase are as follows:

- Continued diligence in the collection of property taxes by maintaining an overall collection percentage of approximately 95.84%.
- Increased charges for services and higher interest earnings as well as the collection of substantial tax revenues from temporarily stored utility line pipe inventory associated with an out of county gas main pipeline construction project.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget held overall expenditures within manageable limitations.

Business-type activities. Business-type activities increased the County's net position by $215,997 accounting for approximately 9% of the total net position increase. Key elements of this increase are as follows:

- Increased charges for services
- Increased operating grants.

County's Funds Financial Analysis

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

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

The General Fund is the chief operating fund of Washington County. At the end of the fiscal year ended June 30, 2019, the County's total General Fund fund balance reached $7,725,820 which is a $1,249,199 or (19.29%) increase over the $6,476,621 total General Fund fund balance at the beginning of that fiscal year.

The Governing Body of Washington County has officially adopted a policy that the County should maintain a minimum available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. Additionally, County management has consistently advised that a fund balance of 18% to 22% is more appropriate for a jurisdiction of Washington County's side and characteristics. The County currently has an unassigned available fund balance of $3,889,185 or approximately 29.68% of the combined $12,452,836 in total general fund expenditures and $648,724 in transfers out of the general fund for the fiscal year ended June 30, 2019. Total fund balance represents approximately 58.97% of that same amount.

The Emergency Medical Services Fund is the County's other major governmental fund. The Emergency Medical Services Fund reported a net decrease in the fund balance of $236,398. Transfers in to the fund from the County totaled $568,594 for the fiscal year ended June 30, 2019. The fund balance of this fund is reported as restricted for public safety services.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased total budgeted revenues by $619,497 associated primarily with restricted intergovernmental revenues received for state and/or federal grants and appropriated fund balance.

Proprietary Funds. Washington County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net position of the Water and Sanitation Funds amounted to ($644,303). The total increase in net position for these funds was $215,997. Net position in the Water Fund increased by $225,334 primarily due to a reduction in overall expenses and in transfers out of this fund, while net position in the Sanitation Fund decreased by $9,337, primarily due to an increase in estimated landfill post closure liability expense.

- For the fiscal year ended June 30, 2019 the monthly water rates remained unchanged at $24 per account for an average ¾ inch connection base rate including an initial 2,000 gallons of water, and a consumption rate of $13.00 per 1,000 gallons of water used afterwards.

Capital Asset and Debt Administration

Capital Assets. Washington County's capital assets for its governmental and business – type activities as of June 30, 2019, totals $19,204,166 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$ 2,371,800	$ 2,371,800	$ 330,158	$ 330,158	$ 2,701,958	$ 2,701,958
Buildings and improvements	8,216,477	7,343,847	6,402,351	6,643,041	14,618,828	13,986,888
Machinery and equipment	733,643	884,107	106,603	116,620	840,246	1,000,727
Vehicles	747,044	493,312	15,056	28,467	762,100	521,779
Construction in progress	281,034	445,131	-	-	281,034	445,131
Total	$12,349,998	$11,538,197	$ 6,854,168	$ 7,118,286	$19,204,166	$18,656,483

Major capital asset transactions during the year include:

- 2 New EMS Ambulances
- HVAC Replacements
- Commerce Center Water/Sewer Extension Project Initiated

Additional information on the County's capital assets can be found in Note 6 to the financial statements.

Long-term Debt. As of June 30, 2019, Washington County had no general obligation bonded debt. The County had outstanding revenue bonds of $3,781,884, all of which will be repaid from future water revenues.

WASHINGTON COUNTY'S OUTSTANDING DEBT

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct Placement agreements	$ 352,254	$ 517,924	$ -	$ -	$ 352,254	$ 517,924
Revenue bonds	-	-	3,781,884	3,982,400	3,781,884	3,982,400
Direct Borrowing agreements	-	-	419,887	447,880	419,887	447,880
Closure & post-closure costs	-	-	1,825,642	1,609,079	1,825,642	1,609,079
Compensated absences	505,184	512,210	24,341	25,488	529,525	537,698
Net pension liability (LGERS)	1,863,184	1,320,450	128,397	91,013	1,991,581	1,411,463
Net pension liability (LEOSSA)	204,301	241,776	-	-	204,301	241,776
Net pension liability (Hospital)	4,152,491	4,395,509	-	-	4,152,491	4,395,509
Net OPEB liability	7,926,792	10,253,225	546,258	706,710	8,473,050	10,959,935
Total	$ 15,004,206	$ 17,241,094	$ 6,726,409	$ 6,862,570	$ 21,730,615	$ 24,103,664

Washington County's total debt and liabilities decreased by $2,373,049 during the past fiscal year primarily due to principal payments on outstanding debt and reductions in net pension and OPEB liabilities.

Additional information regarding Washington County's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- Estimated decrease in medial annual household income from $36,171 in 2017 to $35,512 in 2018 according to US Census Estimate Data V2019.
- Reduction in estimated poverty level from 24.8% in 2017 to 21.1 in 2018 according to US Census Estimate Data V2019.
- Reduction in estimated annual unemployment rate from 6.8% in 2017 to 5.9% in 2018 according to NC Department of Commerce NCACCESS data January 2020.
- Increasing expansion of solar farm projects.
- Completion of the planned expansion of water/sewer infrastructure to the County's Commerce Building which also provides service to potential additional industrial sites along Airport Road and Morratock Road.
- Completion of the replacement of several major bridges within the County.
- Planned expansion of water capacity infrastructure from Roper, NC to Pea Ridge, NC to provide service to anticipated residential development near the Albemarle Sound.
- Potential interest in the purchase, expansion, and possible replacement of the Washington Regional Medical Center (formerly known as the Washington County Hospital).
- The County continues its Tier I designation clearly suggesting that Washington County is one of the most distressed communities in the state particularly with respect to population loss estimates which indicate the county lost an estimated 2.99% of its population from July 2015 to July 2018.

Budget Highlights for Fiscal Year Ending June 30, 2020

Government Activities:

The FY20 General Fund budget as originally adopted for FY20 is $14,348,533 compared to the final total amended General Fund budget for FY19 of $15,630,353. A substantial portion of this difference consists of donation and grant funded allocations that may not have been included within the original adopted FY20 budget, but which were subsequently rolled forward after year end close out with updated balances via budget amendments. The original General Fund budget for FY20 included:

The FY20 Ad valorem and Special Watershed Improvement Tax Rates remained unchanged at $0.845 per $100 of assessed value and $0.01 per $100 of assessed value respectively.

The FY20 budget includes:

- Appropriated fund balance of $200,803 in the General Fund.
- School system current expense funding increase of $82,006 from $1,723,000 in FY19 to $1,805,006.
- School Capital Outlay Fund appropriations decreased $372,000 from $887,000 in FY19 to $515,000 in FY20 of which $115,000 was designated for future appropriation purposes thereby returning the intended allocated expenses under this fund to their more recent historical norm of $400,000 per year after a considerable one year increase was made during FY19 to address expenses related to school consolidation.
- Funding allocated to the Washington County Hospital Employee's Retirement Pension Plan increased by $41,531 from $310,661 in FY19 to $352,192 based on revisions to the actuarially determined annual contribution recommendation.
- Purchase of 3 new Sheriff's Vehicles, 2 New Public Transportation Vans, and 1 New Ambulance
- No substantive increases in employee compensation

Business Type Activities:

The original FY20 Water Fund budget totals $1,347,500 which is a $370,169 decrease from the original FY19 budget of $1,717,669. This is largely attributable to the completion of grant funded bridge replacement projects that were allocated within this budget during FY19.

The original FY20 Sanitation Fund budget totals $1,355,625 which is a $2,100 increase over the original FY19 budget of $1,353,525.

There was no increase in the water base rate or consumption rate charges for FY20 over FY19.

The solid waste user fee for FY20 remained unchanged from FY19 at $275 per year for each household.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the monies it receives for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Washington County, 120 Adams Street, Courthouse, Post Office Box 1007, Plymouth, NC 27962. You can also call (252) 793-3523, visit our website at http://www.washconc.org or send an email to mdixon@washconc.org for more information.

BASIC
FINANCIAL STATEMENTS

Washington County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Washington Travel and Tourism Authority	Washington County ABC	Total Reporting Unit
ASSETS						
Cash and cash investments	$ 7,187,616	$ 2,559,645	$ 9,747,261	$ 32,540	$ 229,008	$ 10,008,809
Taxes receivable (net)	944,867	-	944,867	-	-	944,867
Accounts receivables (net)	393,985	505,966	899,951	12,945	-	912,896
Due from other governments	803,070	19,958	823,028	429	-	823,457
Due from primary government	-	-	-	48,879	-	48,879
Internal balances	988,887	(988,887)	-	-	-	-
Prepaid assets	-	-	-	-	3,113	3,113
Inventories	-	18,014	18,014	-	149,122	167,136
Net pension asset	14,170	-	14,170	-	-	14,170
Restricted cash and cash equivalents	923,393	145,363	1,068,756	-	-	1,068,756
Capital assets:						
Non-depreciable	2,652,834	330,158	2,982,992	-	-	2,982,992
Depreciable, net of depreciation	9,697,164	6,524,010	16,221,174	-	14,975	16,236,149
Total capital assets	12,349,998	6,854,168	19,204,166	-	14,975	19,219,141
Total assets	$ 23,605,986	$ 9,114,227	$ 32,720,213	$ 94,793	$ 396,218	$ 33,211,224
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	$ 1,538,924	$ 100,333	$ 1,639,257	$ -	$ 19,865	$ 1,659,122
OPEB related items	1,162,345	80,100	1,242,445	-	-	1,242,445
Total deferred outflows of resources	$ 2,701,269	$ 180,433	$ 2,881,702	$ -	$ 19,865	$ 2,901,567
LIABILITIES						
Accounts payable	$ 88,741	$ 18,072	$ 106,813	$ 3,231	$ 68,690	$ 178,734
Accrued liabilities	282,124	19,749	301,873	-	17,507	319,380
Due to component unit	48,879	-	48,879	-	-	48,879
Customer deposits	-	145,363	145,363	-	-	145,363
Interest payable	4,870	11,689	16,559	-	-	16,559
Long-term liabilities:						
Due within one year	118,133	236,309	354,442	-	-	354,442
Due in more than one year	14,886,073	6,490,100	21,376,173	-	63,253	21,439,426
Total long-term liabilities	15,004,206	6,726,409	21,730,615	-	63,253	21,793,868
Total liabilities	$ 15,428,820	$ 6,921,282	$ 22,350,102	$ 3,231	$ 149,450	$ 22,502,783
DEFERRED INFLOWS OF RESOURCES						
Deferred tax revenue	$ 77,575	$ -	$ 77,575	$ -	$ -	$ 77,575
Pension related items	131,080	5,272	136,352	-	3,028	139,380
OPEB related items	5,224,164	360,012	5,584,176	-	-	5,584,176
Total deferred inflows of resources	$ 5,432,819	$ 365,284	$ 5,798,103	$ -	$ 3,028	$ 5,801,131
NET POSITION						
Net investment in capital assets	$ 11,997,744	$ 2,652,397	$ 14,650,141	$ -	$ 14,975	$ 14,665,116
Restricted for:						
Stabilization by State Statute	2,278,430	-	2,278,430	62,253	-	2,340,683
Public safety	539,475	-	539,475	-	-	539,475
Education	1,344,222	-	1,344,222	-	-	1,344,222
Economic and physical development	173,634	-	173,634	-	-	173,634
Human Services	341,089	-	341,089	-	-	341,089
Working capital	-	-	-	-	29,698	29,698
Unrestricted (deficit)	(11,228,978)	(644,303)	(11,873,281)	29,309	218,932	(11,625,040)
Total net position	$ 5,445,616	$ 2,008,094	$ 7,453,710	$ 91,562	$ 263,605	$ 7,808,877

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

Washington County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government			Component Units		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**Washington Travel and Tourism Authority**	**Washington County ABC**	**Total Reporting Unit**
Primary government:										
Governmental Activities:										
General government	$ 2,152,380	$ 250,859	$ -	$ -	$ (1,901,521)	$ -	$ (1,901,521)	$ -	$ -	$ (1,901,521)
Public safety	3,631,867	673,533	375,087	-	(2,583,247)	-	(2,583,247)	-	-	(2,583,247)
Economic and physical development	734,089	110,212	285,768	792,104	453,995	-	453,995	-	-	453,995
Human services	5,973,535	1,413,885	2,588,980	-	(1,970,670)	-	(1,970,670)	-	-	(1,970,670)
Education	2,610,000	-	-	543,108	(2,066,892)	-	(2,066,892)	-	-	(2,066,892)
Cultural and recreation	569,042	5,925	-	-	(563,117)	-	(563,117)	-	-	(563,117)
Interest on long-term debt	13,379	-	-	-	(13,379)	-	(13,379)	-	-	(13,379)
Total governmental activities	15,684,292	2,454,414	3,249,835	1,335,212	(8,644,831)	-	(8,644,831)	-	-	(8,644,831)
Business-type activities:										
Sanitation	1,416,144	1,399,421	7,386	-	-	(9,337)	(9,337)	-	-	(9,337)
Water	1,461,338	1,371,251	313,938	-	-	223,851	223,851	-	-	223,851
Total business-type activities	2,877,482	2,770,672	321,324	-	-	214,514	214,514	-	-	214,514
Total primary government	18,561,774	5,225,086	3,571,159	1,335,212	(8,644,831)	214,514	(8,430,317)	-	-	(8,430,317)
Component Units:										
Travel and Tourism Authority	122,897	-	-	-	-	-	-	(122,897)	-	(122,897)
Washington County ABC Board	987,361	995,582	-	-	-	-	-	-	8,221	8,221
Total component units	$ 1,110,258	$ 995,582	$ -	$ -	-	-	-	(122,897)	8,221	(114,676)
General revenues:										
Ad valorem taxes					8,437,130	-	8,437,130	-	-	8,437,130
Sales and use taxes					1,921,267	-	1,921,267	-	-	1,921,267
Occupancy taxes					-	-	-	146,847	-	146,847
Other taxes					313,875	-	313,875	-	-	313,875
Investment earnings					153,641	1,483	155,124	354	750	156,228
Miscellaneous					7,864	-	7,864	-	129	7,993
Transfers					-	-	-	-	-	-
Total general revenues					10,833,777	1,483	10,835,260	147,201	879	10,983,340
Change in net position					2,188,946	215,997	2,404,943	24,304	9,100	2,438,347
Net position, beginning of year					3,256,670	1,792,097	5,048,767	67,258	254,505	5,370,530
Net position, end of year					$ 5,445,616	$ 2,008,094	$ 7,453,710	$ 91,562	$ 263,605	$ 7,808,877

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

Washington County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Emergency Medical Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 5,943,746	$ 505,058	$ 738,812	$ 7,187,616
Taxes receivable, net	803,808	-	-	803,808
Accounts receivable	50,563	158,606	184,816	393,985
Due from other governments	790,068	8,216	4,786	803,070
Due from other funds	1,437,799	-	999,836	2,437,635
Restricted cash and cash equivalents	923,393	-	-	923,393
Total assets	$ 9,949,377	$ 671,880	$ 1,928,250	$ 12,549,507
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 73,695	$ 11,287	$ 3,759	$ 88,741
Due to other funds	999,836	259,853	189,059	1,448,748
Accrued liabilities	219,764	59,651	2,709	282,124
Due to component unit	48,879	-	-	48,879
Total liabilities	1,342,174	330,791	195,527	1,868,492
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - ad valorem taxes	803,808	-	-	803,808
Deferred revenue - prepaid taxes	77,575	-	-	77,575
Total deferred inflows of resources	881,383	-	-	881,383
Fund balances:				
Restricted:				
Stabilization by State Statute	2,278,430	-	-	2,278,430
Public Safety	-	-	539,475	539,475
Human Services	-	341,089	-	341,089
Education	672,111	-	672,111	1,344,222
Economic and physical development	-	-	173,634	173,634
Committed:				
Tax revaluation	251,282	-		251,282
Assigned:				
Capital projects	-	-	347,503	347,503
Hospital pension plan	434,009	-	-	434,009
Subsequent year's expenditures	200,803	-	-	200,803
Unassigned:	3,889,185	-	-	3,889,185
Total fund balances	7,725,820	341,089	1,732,723	9,799,632
Total liabilities, deferred inflows of resources, and fund balances	$ 9,949,377	$ 671,880	$ 1,928,250	$ 12,549,507

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

Washington County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

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

Total Fund Balance - Governmental Funds	$ 9,799,632
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,349,998
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	141,059
Net Pension Asset	14,170
Deferred outflows of resources:	
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
LGERS	411,050
ROD	3,964
Pension related deferrals	
LGERS	1,044,886
ROD	9,816
LEOSSA	25,685
HOSPITAL	43,523
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	331,150
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide.	803,808
Pension Related Deferrals	
LGERS	(76,504)
ROD	(1,570)
LEOSSA	(53,006)
OPEB related deferrals	(4,392,969)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(352,254)
Compensated absences	(505,184)
Net OPEB Liability	(7,926,792)
Net Pension Liability	(6,015,675)
Total Pension Liability	(204,301)
Accrued interest payable	(4,870)
Net position of governmental activities	$ 5,445,616

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Emergency Medical Services Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 8,444,161	$ -	$ -	$ 8,444,161
Other taxes	1,458	-	220,529	221,987
Sales taxes	1,921,268	-	-	1,921,268
Unrestricted intergovernmental	88,723	-	-	88,723
Restricted intergovernmental	3,030,978	179,787	1,620,980	4,831,745
Permits and fees	168,853	-	-	168,853
Sales and services	488,203	1,397,832	110,212	1,996,247
Investment earnings	153,471	-	170	153,641
Miscellaneous	53,644	-	-	53,644
Total revenues	14,350,759	1,577,619	1,951,891	17,880,269
EXPENDITURES				
Current:				
General government	2,297,423	-	-	2,297,423
Public safety	3,606,534	-	102,219	3,708,753
Economic and physical development	161,480	-	536,617	698,097
Human services	4,072,986	2,267,214	-	6,340,200
Education	1,723,000	-	-	1,723,000
Cultural and recreational	526,334	-	-	526,334
Capital outlay	-	-	1,804,122	1,804,122
Debt service:				
Principal retirements	58,337	107,333	-	165,670
Interest and fiscal charges	6,742	8,064	-	14,806
Total expenditures	12,452,836	2,382,611	2,442,958	17,278,405
Excess (deficiency) of revenues over expenditures	1,897,923	(804,992)	(491,067)	601,864
OTHER FINANCING SOURCES (USES)				
Transfers in	-	568,594	80,130	648,724
Transfers out	(648,724)	-	-	(648,724)
Total other financing sources and uses	(648,724)	568,594	80,130	-
Net change in fund balance	1,249,199	(236,398)	(410,937)	601,864
Fund balances-beginning	6,476,621	577,487	2,143,660	9,197,768
Fund balances-ending	$ 7,725,820	$ 341,089	$ 1,732,723	$ 9,799,632

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

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	$ 601,864
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	1,362,942
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.	(551,141)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	415,014
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position.	331,150
Prinicipal 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.	165,670
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	1,427
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	7,026
County's portion of collective pension expense	(287,074)
OPEB (Expense) Revenue	149,099
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Increase (decrease) in deferred revenue	(148,090)
Increase (decrease) in accrued taxes receivable	141,059
Total changes in net position of governmental activities	$ 2,188,946

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

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Property taxes	$ 8,341,374	$ 8,341,374	$ 8,444,161	$ 102,787
Other taxes and licenses	600	600	1,458	858
Sales tax	1,685,000	1,685,000	1,921,268	236,268
Unrestricted intergovernmental	89,500	89,500	88,723	(777)
Restricted intergovernmental	3,612,454	3,903,910	3,030,978	(872,932)
Permits and fees	152,900	165,680	168,853	3,173
Sales and services	412,566	423,868	488,203	64,335
Investment earnings	40,000	78,832	148,443	69,611
Miscellaneous	8,500	51,060	53,644	2,584
Total revenues	14,342,894	14,739,824	14,345,731	(394,093)
Expenditures				
Current:				
General government	2,636,176	2,718,210	2,297,423	420,787
Public safety	4,573,785	4,755,584	3,606,534	1,149,050
Economic and physical development	192,307	181,870	161,480	20,390
Human services	4,325,528	4,443,774	4,072,986	370,788
Cultural and recreational	533,101	561,021	526,334	34,687
Intergovernmental:				
Education	1,723,000	1,723,000	1,723,000	-
Contingency	10,000	127	-	127
Debt service:				
Principal retirements	58,337	58,337	58,337	-
Interest	6,803	6,803	6,742	61
Total expenditures	14,059,037	14,448,726	12,452,836	1,995,890
Revenues over (under) expenditures	283,857	291,098	1,892,895	1,601,797
Other financing sources (uses):				
Proceeds from sale of capital assets	95,000	95,000	-	(95,000)
Transfers out	(451,916)	(681,724)	(681,724)	-
Appropriated fund balance	73,059	295,626	-	(295,626)
Total other financing sources (uses)	(283,857)	(291,098)	(681,724)	(390,626)
Net Change in Fund Balance	$ -	$ -	1,211,171	$ 1,211,171
Fund balances:				
Beginning of year, July 1			6,263,367	
End of year, June 30			$ 7,474,538	

A legally budgeted Tax Revalution Fund is consolidated into the General Fund for reporting purposes:

Investment Earnings	5,028
Transfer from General Fund	33,000
Expenditures	-
Fund balance, beginning of year	213,254
Fund balance, ending (Exhibit 4)	$ 7,725,820

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

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2019

	Emergency Medical Services Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Restricted intergovernmental	$ 160,000	$ 160,000	$ 179,787	$ 19,787
Sales and services	1,456,000	1,491,130	1,397,832	(93,298)
Total revenues	1,616,000	1,651,130	1,577,619	(73,511)
Expenditures				
Human Services				
EMS - Washington County	1,992,538	2,195,020	2,060,415	134,605
Transport - Washington County	246,858	250,058	206,799	43,259
Contingency	-	127,502	-	127,502
Total human services	2,239,396	2,572,580	2,267,214	305,366
Debt service:				
Principal retirements	107,335	107,335	107,333	2
Interest	8,114	8,114	8,064	50
Total debt service	115,449	115,449	115,397	52
Total expenditures	2,354,845	2,688,029	2,382,611	305,418
Revenues over (under) expenditures	(738,845)	(1,036,899)	(804,992)	231,907
Other financing sources (uses):				
Transfers in	348,818	568,594	568,594	-
Installment notes issued	258,000	-	-	-
Appropriated fund balance	132,027	468,305	-	(468,305)
Total other financing sources (uses)	738,845	1,036,899	568,594	(468,305)
Net Change in Fund Balance	$ -	$ -	(236,398)	$ (236,398)
Fund balances:				
Beginning of year, July 1			577,487	
End of year, June 30			$ 341,089	

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

Washington County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2019

	Sanitation Fund	Water Fund	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,018,509	$ 1,541,136	$ 2,559,645
Accounts receivable (net)	321,611	184,355	505,966
Due from other governments	12,245	7,713	19,958
Inventories	-	18,014	18,014
Due from other funds	-	-	-
Total current assets	1,352,365	1,751,218	3,103,583
Noncurrent assets:			
Restricted - cash and cash equivalents	-	145,363	145,363
Capital assets:			
Nondepreciable	294,294	35,864	330,158
Depreciable (net)	56,042	6,467,968	6,524,010
Total noncurrent assets	350,336	6,649,195	6,854,168
Total assets	1,702,701	8,400,413	9,957,751
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	19,360	80,973	100,333
OPEB related items	15,456	64,644	80,100
Total deferred outflows of resources	34,816	145,617	180,433
LIABILITIES			
Current liabilities:			
Accounts payable	15,304	2,768	18,072
Accrued liabilities	3,435	16,314	19,749
Accrued interest payable	-	11,689	11,689
Customer deposits	-	145,363	145,363
Due to other funds	146,237	842,650	988,887
Bonds payable	-	208,317	208,317
Note payable	-	27,992	27,992
Total current liabilities	164,976	1,255,093	1,420,069
Noncurrent liabilities:			
Bonds payable	-	3,573,567	3,573,567
Note payable	-	391,895	391,895
Landfill post-closure	1,825,642	-	1,825,642
Compensated absences payable	4,473	19,868	24,341
Net pension liability	24,775	103,622	128,397
Net OPEB liability	105,405	440,853	546,258
Total noncurrent liabilities	1,960,295	4,529,805	6,490,100
Total liabilities	2,125,271	5,784,898	7,910,169
DEFERRED INFLOWS OF RESOURCES			
Pension related items	1,017	4,255	5,272
OPEB related items	69,467	290,545	360,012
Total deferred inflows of resources	70,484	294,800	365,284
NET POSITION			
Net investment in capital assets	350,336	2,302,061	2,652,397
Unrestricted	(808,574)	164,271	(644,303)
Total net position	$ (458,238)	$ 2,466,332	$ 2,008,094

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

Washington County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Net Position
Proprietary Funds
For The Fiscal Year Ended June 30, 2019

	Sanitation Fund	Water Fund	Totals
Revenues:			
Operating Revenues:			
Charges for Services	$ 1,399,421	$ 1,361,634	$ 2,761,055
Tap and connection fees	-	8,162	8,162
Miscellaneous	-	1,455	1,455
Total Operating Revenues	1,399,421	1,371,251	2,770,672
Expenditures:			
Operating Expenses:			
Landfill and collections	1,397,446	-	1,397,446
Treatment plant	-	228,748	228,748
Operations and maintenance	-	817,526	817,526
Depreciation	18,698	261,370	280,068
Total Expenditures	1,416,144	1,307,644	2,723,788
Operating income (loss)	(16,723)	63,607	46,884
Nonoperating Revenues (Expenses)			
Restricted intergovernmental	7,386	313,938	321,324
Investment earnings	-	1,483	1,483
Interest Expense	-	(153,694)	(153,694)
Total Nonoperating Revenues (Expenses)	7,386	161,727	169,113
Income (Loss) before transfers	(9,337)	225,334	215,997
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	(9,337)	225,334	215,997
Total net position, beginning	(448,901)	2,240,998	1,792,097
Total net position, ending	$ (458,238)	$ 2,466,332	$ 2,008,094

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

Washington County, North Carolina
Proprietary Funds
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2019

	Sanitation Fund	Water Fund	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 1,397,686	$ 1,374,605	$ 2,772,291
Payments to suppliers	(1,162,388)	(740,524)	(1,902,912)
Payments to employees	(83,113)	(336,970)	(420,083)
Net cash provided (used) by operating activities	152,185	297,111	449,296
Cash flows from noncapital financing activities			
Restricted intergovernmental receipts	7,386	313,938	321,324
Due to / from	146,237	872,442	1,018,679
Net cash provided (used) by noncapital financial activities	153,623	1,186,380	1,340,003
Cash flows from capital and related financing activities:			
Purchases and acquisition of capital assets	-	(15,950)	(15,950)
Principal payments on long-term debt	-	(228,509)	(228,509)
Interest paid	-	(154,915)	(154,915)
Net cash provided (used) by capital and related financing activities	-	(399,374)	(399,374)
Cash flows from investing activities:			
Interest received	-	1,483	1,483
Net cash provided (used) by investing activities	-	1,483	1,483
Net increase (decrease) in cash and cash equivalents	305,808	1,085,600	1,391,408
Cash and cash equivalents, July 1	712,701	600,899	1,313,600
Cash and cash equivalents, June 30	$ 1,018,509	$ 1,686,499	$ 2,705,008
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	$ (16,723)	$ 63,607	$ 46,884
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	$ 18,698	$ 261,370	$ 280,068
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resoures:			
(Increase) decrease in accounts receivable	(1,735)	(1,000)	(2,735)
(Increase) decrease in inventory	-	(4,845)	(4,845)
(Increase) decrease in deferred outflows - pension	(5,979)	(25,042)	(31,021)
(Increase) decrease in deferred outflows - OPEB	2,469	10,277	12,746
Increase (decrease) in accounts payable	(57,342)	(7,416)	(64,758)
Increase (decrease) in accrued liabilities	(1,972)	2,212	240
Increase (decrease) in post-closure liability	216,563	-	216,563
Increase (decrease) in compensated absences payable	(328)	(819)	(1,147)
Increase (decrease) in net pension liability	7,204	30,180	37,384
Increase (decrease) in OPEB liability	(31,031)	(129,421)	(160,452)
Increase (decrease) in deferred inflows - pension	301	1,261	1,562
Increase (decrease) in deferred inflows - OPEB	22,060	92,393	114,453
Increase (decrease) in customer deposits	-	4,354	4,354
Total adjustments	168,908	233,504	402,412
Net cash provided (used) by operating activities	$ 152,185	$ 297,111	$ 449,296

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

Washington County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

	Agency Funds	Pension Trust Fund
Assets		
Cash and cash equivalents	$ 72,565	$ 75,706
Receivables	13,752	-
Total Assets	$ 86,317	$ 75,706
Liabilities and Net Position		
Due to other agencies	$ 86,317	$ -
Total liabilities	$ 86,317	-
Net position:		
Net position restricted for pension benefits		$ 75,706

Washington County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2019

	Pension Trust Fund
Additions	
Investment income:	
Interest earnings	$ -
Net investment income	-
Total Additions	-
Deductions	
Benefit payments	259,077
Total deductions	259,077
Net decrease in fiduciary net position	(259,077)
Net position restricted for pension benefits	
Beginning of year	334,783
End of year	$ 75,706

NOTE I: Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Washington County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Washington County ABC Board (the Board), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). The Washington County Travel & Tourism Authority exists to promote tourism within the County. The members of the Authority's Board has elected not to issue separate financial statements, but to include all relevant information required by generally accepted accounting principles as supplementary information in the County's Annual Financial Report.

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

Discretely Presented Component Unit

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

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental fund:

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

The **Emergency Medical Services Fund** accounts for ambulance and transportation services provided by Washington County for the residents of Washington and Tyrell Counties.

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

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

Non-major funds. The County maintains eight legally budgeted funds. The Emergency Telephone, Drainage, Airport, NC Housing Finance Single Family Rehab, and the NC Housing Finance Urgent Repair Program funds are reported as non-major special revenue funds. The School Capital Outlay, Airport Grant, and Commerce Center Project Funds are reported as capital project 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 are recognized as revenues in the year for which they are levied. Revenues from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of 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. Since September 1, 2013, the State of North Carolina has been responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. These property taxes are due when vehicles are registered. Motor vehicle property tax revenues are applicable to the fiscal year in which they are received. Uncollected taxes that were billed by the County for periods prior to September 1, 2013, or those for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Medical Services Fund, Emergency Telephone Fund, Drainage Fund, and Airport Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the NC Single Family Rehab Grant Fund, NC Housing Finance Urgent Repair Program Fund, School Capital Outlay Fund, Airport Grant Fund, and Commerce Center Project Grant Fund.

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

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

1. Deposits and Investments

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

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

The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portolio is a 2a-7 fund maintaining an AAAm rating from S&P. The NCCMT Government Portolios are reported at fair value.

2. Cash and Cash Equivalents

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

3. Restricted cash and cash equivalents

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

Governmental Activities		
General Fund	Tax Revaluation	$ 251,282
General Fund	Restricted for School Capital Outlay	672,111
Total Governmental Activities		$ 923,393
Business-type Activities		
Water Fund	Customer deposits	$ 145,363
Total Business-type Activities		$ 145,363
Total Restricted Cash		$ 1,068,756

4. Receivables

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances

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

6. Inventories and Prepaid Items

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

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

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

7. Capital Assets

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

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

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

	Years
Buildings	50
Improvements	25
Furniture and equipment	10
Vehicles	6
Computer equipment and software	3

8. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other than deferred amounts related to pension or OPEB plans, the County has one item that qualifies for reporting in this category which occurs in the governmental activities and governmental funds. The County reports a deferred inflow of resources for the property taxes paid in advance of the period they were intended to finance. Additionally, the County reports one item which is reported as a deferred inflow of resources which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the accrual of ad valorem taxes and intergovernmental revenues which are earned by the County but are not considered available for the liquidation of current expenditures. Additionally, deferred inflows of resources are reported for outstanding lien receivables which are not collected within 90 days of the County's fiscal year-end.

The County also has deferred inflows and outflows related to the recording of changes in its net pension liability – LGERS, net pension asset – ROD, total pension liability – LEOSSA, net pension liability – Hospital Employees' Pension Fund, and net other postemployment benefit (OPEB) liability. Certain changes in the net pension asset/liabilities and net OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the County's actuary which adjust the net pension asset/liability and net OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension asset/liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. Changes in proportion and differences between employer contributions and proportionate share of contributions which adjust the net pension asset/liability and net OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expense over the expected remaining service lives of plan members. The difference between projected investment return on plan investments and actual return on those investments is also deferred and amortized against expense over a five year period.

9. Long-Term Obligations

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

In the fund financial statements, the face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

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

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

11. Fund Equity

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Human Services - portion of fund balance restricted for the Emergency Medical Services activities.

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

Restricted for Economic and Physical Development - portion of fund balance restricted for the Drainage Fund, Airport Fund, Single Family Rehabilitation Fund, and NC Housing Finance Urgent Repair Program Fund.

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

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

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

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

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

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

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

12. Pensions

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

13. Other Postemployment Benefit (OPEB) Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Benefit Fund (RHBF), and additions to/deductions from RHBF's fiduciary net position have been determined on the same basis as they are reported by RHBF. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of RHBF. Investments are reported at fair value.

14. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE II: Stewardship, Compliance and Accountability

Expenditures in Excess of Appropriations

None to Report.

Deficit Net Position.

The Sanitation Fund is reporting a deficit net position of $458,238. The deficit is primarily attributed to the estimated closure and post-closure costs associated with the County's landfills. The deficit will be funded through future charges to the end users of the sanitation system.

NOTE III: Detail Notes on All Funds

A. Assets

1 . Deposits

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

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

At June 30, 2019, The County's deposits had a carrying amount of $4,276,140 and a bank balance of $4,724,572. Of the bank balance, $250,000 was covered by federal depository insurance, and the remaining balance of $4,474,572 was covered by collateral held under the Pooling Method. The County had cash on hand totaling $1,150.

At June 30, 2019, the carrying amount of deposits for Washington County Travel and Tourism Authority was $32,540, and the bank balance was $32,540. All of the bank balance was covered by federal depository insurance.

At June 30, 2019, the carrying amount of deposits for Washington County ABC Board was $227,808, and the bank balance was $313,547. All of the bank balance was covered by federal depository insurance. Cash on hand amounted to $1,200 at year end.

2 Investments

As of June 30, 2019, the County had $6,612,442 invested in the NCCMT's cash portfolio which carried a credit rating of AAAm by Standard and Poor's. The NCCMT's cash portfolio is valued using amortized costs. The County has no policy regarding credit risk.

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

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

Custodial credit risk. Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes (G.S. 159-31) require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the County's deposits are insured or collateralized as required by GASB and state statutes.

3. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes Receivable	Interest Receivable	Due from Other Govts	Total
Governmental Activities:					
General	$ 50,562	$ 966,141	$ 141,059	$ 790,068	$ 1,947,830
Emergency Medical Services	953,556	-	-	8,216	961,772
Other Governmental	184,816	-	-	4,786	189,602
Total Receivables	1,188,934	966,141	141,059	803,070	3,099,204
Less allowance for uncollectible	(794,949)	(162,333)	-	-	(957,282)
Total - Governmental Activities	$ 393,985	$ 803,808	$ 141,059	$ 803,070	$ 2,141,922
Business-type Activities					
Sanitation	$ 375,879	$ -	$ -	$ 12,245	$ 388,124
Water	293,027	-	-	7,713	300,740
Total Receivables	668,906	-	-	19,958	688,864
Allowance for doubtful accounts	(162,940)	-	-	-	(162,940)
Total - Business-type Activities	$ 505,966	$ -	$ -	$ 19,958	$ 525,924

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

Local Option Sales Tax	$ 516,875
Sales Tax Refund	73,889
NCVTS	66,922
Other Grants	165,342
Total - Due from other Governments	$ 823,028

5. Capital Assets

Capital asset activity for the County for the year ended June 30, 2019 is as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,371,800	$ -	$ -	$ 2,371,800
Construction in Progress	445,131	917,122	1,081,219	281,034
Total capital assets not being depreciated	2,816,931	917,122	1,081,219	2,652,834
Other capital assets:				
Buildings & Improvements	10,295,389	1,081,219	-	11,376,608
Machinery and equipment	3,326,568	20,760	-	3,347,328
Vehicles	2,376,851	425,060	231,894	2,570,017
Total other capital assets at historical cost	15,998,808	1,527,039	231,894	17,293,953
Less accumulated depreciation for:				
Buildings & Improvements	2,951,542	208,589	-	3,160,131
Machinery and equipment	2,442,461	171,224	-	2,613,685
Vehicles	1,883,539	171,328	231,894	1,822,973
Total other capital assets at historical cost	7,277,542	$ 551,141	$ 231,894	7,596,789
Other capital assets, net	8,721,266			9,697,164
Governmental activities capital assets, net	$ 11,538,197			$ 12,349,998

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

Governmental Activities	
General government	$ 57,166
Public Safety	312,871
Economic development	47,506
Human services	82,594
Recreation	51,004
	$ 551,141

Business-type activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Sanitation Fund:				
Capital assets not being depreciated:				
Land	$ 294,294	$ -	$ -	$ 294,294
Total capital assets not being depreciated	294,294	-	-	294,294
Other capital assets:				
Furniture and equipment	329,802	-	-	329,802
Vehicles	58,879	-	-	58,879
Total other capital assets	388,681	-	-	388,681
Less accumulated depreciation for:				
Furniture and equipment	255,062	18,698	-	273,760
Vehicles	58,879	-	-	58,879
Total accumulated depreciation	313,941	$ 18,698	$ -	332,639
Total Sanitation capital assets, net	$ 369,034			$ 350,336

	Beginning Balances	Increases	Decreases	Ending Balances
Water Fund:				
Capital assets not being depreciated:				
Land	$ 35,864	$ -	$ -	$ 35,864
Total capital assets not being depreciated:	35,864	-	-	35,864
Other capital assets:				
Plant and distribution systems	11,102,839			11,102,839
Furniture and equipment	246,960	15,950	-	262,910
Vehicles	132,024	-	-	132,024
Total other capital assets	11,481,823	15,950	-	11,497,773
Less accumulated depreciation for:				
Plant and distribution systems	4,459,798	240,690		4,700,488
furniture and equipment	205,080	7,269	-	212,349
Vehicles	103,557	13,411	-	116,968
Total accumulated depreciation	4,768,435	$ 261,370	$ -	5,029,805
Total Water Fund capital assets, net	$ 6,749,252			$ 6,503,832
Business-type activities capital assets, net	$ 7,118,286			$ 6,854,168

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 4,692	$ -	$ -	$ 4,692
Total capital assets not being depreciated	4,692	-	-	4,692
Other capital assets:				
Buildings	68,273			68,273
Leasehold improvements	2,200	-	-	2,200
Equipment and Furniture	81,490	-	-	81,490
Total other capital assets	151,963	-	-	151,963
Less accumulated depreciation for:				
Buildings	63,884	360		64,244
Leasehold improvements	620	110	-	730
Equipment and Furniture	76,166	540	-	76,706
Total accumulated depreciation	140,670	$ 1,010	$ -	141,680
Capital assets, net	$ 15,985			$ 14,975

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows :

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	$ 73,695	$ 219,764	$ 293,459
Emergency Medical Services	11,287	59,651	70,938
Other Governmental	3,759	2,709	6,468
Total Governmental Activities	$ 88,741	$ 282,124	$ 370,865
Business-Type Activities			
Sanitation	$ 15,304	$ 3,435	$ 18,739
Water	2,768	16,314	19,082
Total Business-Type Activities	$ 18,072	$ 19,749	$ 37,821

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Washington County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Washington County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Washington County were $439,377 for the year ended June 30, 2019.

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, 2019, the County reported a liability of $1,991,581 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019, the County's proportion was 0.08395% (measured as of June 30, 2018), which was a decrease of 0.00844% from its proportion measured as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the County recognized pension expense of $562,374. At June 30, 2019, 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	$ 307,254	$ 10,310
Net difference between projected and actual earnings on pension plan investments	273,385	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	7,764	71,466
Changes of assumptions	528,489	-
County contributions subsequent to the measurement date	439,377	-
Total	$ 1,556,269	$ 81,776

County contributions made subsequent to the measurement date of $439,377 are reported as deferred outflows of resources and will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2020	$	516,439
2021		330,333
2022		44,182
2023		144,162
Total	$	1,035,116

Actuarial Assumptions . The total pension liability as of June 30, 2018 was determined by the June 30, 2017 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.50 Percent
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2017 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, 2017 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, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	$ 4,783,950	$ 1,991,581	$ (341,766)

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

b. Law Enforcement Officers' Special Separation Allowance

1 *Plan Description*

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

All full time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2017, the date of the most recent actuarial valuation the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Active plan members	18
Total	18

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the TPL is the Bond Buyer General Obligation 20-year Municipal Bond Index. Since the prior measurement date, the discount rate has changed from 3.16% to 3.64% due to a change in the Municipal Bond Rate.

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid $0 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, 2019, the County reported a total pension liability of $204,301. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of $18,624. At June 30, 2019, 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
Changes of assumptions	$ 10,075	$ 7,940
Difference between expected and actual experience	15,610	45,066
Total	$ 25,685	$ 53,006

An amount of $0, reported as deferred outflows of resources related to pensions, resulting from benefit payments made incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ (4,508)
2021	(4,508)
2022	(4,508)
2023	(4,286)
2024	(7,938)
Thereafter	(1,573)
Total	$ (27,321)

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	$ 218,782	$ 204,301	$ 190,960

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

	2019
Beginning balance	$ 241,776
Service Cost	15,492
Interest	7,640
Experience differences	(53,800)
Assumption changes	(6,807)
Ending balance of the total pension liability	$ 204,301

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute, each month, an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Additionally, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were $295,276 which consisted of $38,422 from the County for law enforcement officers and $121,966 from the County for non-law enforcement employees. The employee's contribution was $134,888.

d. Registers of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $3,964 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of $14,170 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 0.0856%, which was a decrease of 0.0463% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of $4,955. At June 30, 2019, 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	$ 125	$ 647
Net difference between projected and actual earnings on pension plan investments	666	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	2,259	-
Changes of assumptions	6,765	923
County contributions subsequent to the measurement date	3,964	-
Total	$ 13,779	$ 1,570

County contributions made subsequent to the measurement date of $3,964 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June	
2020	$ 3,717
2021	3,511
2022	666
2023	351
Total	$ 8,245

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 Percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment Rate of	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, 2017 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, 2018 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. 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 or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	(11,172)	(14,170)	(16,698)

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

e. Washington County Hospital, Inc. Employees' Pension Plan

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

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

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

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

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

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

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

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

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

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

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

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

At January 1, 2019, the Pension Plan's membership consisted of:

Retirees receiving benefits	71
Terminated plan members entitled to deferred benefits	101
Total	172

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

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

Employer Disclosures

The County's total pension liability, used to measure the net pension liability, for the Hospital plan was determined by an actuarial valuation as of January 1, 2018 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2018. In the employer financial statements, the County used a measurement date for the net pension liability of June 30, 2018.

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

Inflation	2.24%
Mortality	RP 2000 Combined Mortality Table
Salary Increases	0% - Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	4.00%, net of investment expenses, including inflation
Discount Rate	3.87%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	**Long-Term Expected Rate of Return**
US Treasuries (Cash equivalents)	2.55%

Discount rate. The discount rate used to measure the total pension liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that Plan contributions are determined in accordance with the current funding method. Furthermore, it is assumed that the plan sponsor will deposit 20% of the required contribution for years 1 through 3. The 20% is based on an average of actual contributions compared to the actuarially determined contribution made over the last five years. After year 3, the plan runs out of assets and it becomes pay-as-you-go. At that point, it is assumed that the plan sponsor will fund the annual benefit payments.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the fiscal year ending June 30, 2020. At that point in time the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (4.00%) was applied to year 1 through 2 (FYE 2019 - FYE 2020) of projected benefit payments and a bond rate of 3.87% was applied to projected benefit payments after the FYE June 30, 2020 to determine the total pension liability. The bond rate of 3.87% is from the Bond Buyer General Obligation 20-year Municipal Bond Index on June 30, 2018. It reflects 20-year, tax exempt general obligation municipal bonds with an average rating of AA. The discount rate of 3.87% was the single rate which, when applied to all projected benefit payments, resulted in the same present value of benefit payments when the above discussed calculations are combined. The discount rate of 3.87% was an increase from the discount rate of 3.15% utilized to determine the total pension liability as of the prior year due to an increase in the underlying municipal bond rate index utilized.

Changes in the Net Pension Liability of the County. The changes in the components of the net pension liability of the County for the fiscal year ended June 30, 2019, measured as of June 30, 2018, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2018	$ 4,970,489	$ 574,980	$ 4,395,509
Changes for the year:			
Interest	152,817	-	152,817
Differences between expected and actual experience	(5,590)	-	(5,590)
Assumption Changes	(390,245)		(390,245)
Net investment income (loss)	-	-	-
Benefits payments	(240,197)	(240,197)	-
Administrative expenses	-	-	-
Net changes	(483,215)	(240,197)	(243,018)
Balances at June 30, 2019	$ 4,487,274	$ 334,783	$ 4,152,491

The Plan's fiduciary net position as a percentage of the total pension liability 7.46%

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

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the net pension liability of the County, calculated using the discount rate of 3.87%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
County's net pension liability	$ 4,710,555	$ 4,152,491	$ 3,693,724

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

For the fiscal year ended June 30, 2019, the County recognized pension revenue of $262,627. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 43,523	$ -
Total	$ 43,523	$ -

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

Year Ended June	
2020	$ 12,375
2021	12,375
2022	12,377
2023	6,396
Total	$ 43,523

Plan Disclosures

The County's total pension liability as of June 30, 2018, for the Hospital Plan, was determined by an actuarial valuation as of January 1, 2019 with update procedures performed by the actuary to roll forward the total pension liability as of June 30, 2019.

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

Inflation	2.22%
Mortality	RP 2000
Salary Increases	0% - Plan was frozen on March 2, 2007
Long-term expected rate of return on investments	0.49%, net of investment expenses, including inflation
Discount Rate	3.50%

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

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

Asset Class	Long-Term Expected Rate of Return
US Treasuries (Cash equivalents)	0.49%

Rate of return. For the year ended June 30, 2019, the annual money weighted rate of return on investments of the Hospital Pension trust fund, net of investment expense, was 0.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through the fiscal year ending December 31, 2019 (or 1 year out). At that point in time the plan's expected fiduciary net position will be insufficient to satisfy benefit payments. Therefore, the long-term expected rate of return on pension plan investments (4.00%) was applied to year 1 (1/1/19 - 12/31/19) of projected benefit payments, as well as those funded benefit payments during 2020 and a bond rate of 3.50% was applied to benefit payments thereafter.

Net Pension Liability of the County . The components of the net pension liability of the County at June 30, 2019 were as follows:

Total Pension Liability	$ 5,190,983
Plan Fiduciary Net Position	75,706
Net Pension Liability	$ 5,115,277
Plan fiduciary net position as a percentage of the Total Pension Liability	1.46%

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

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

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

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

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

	LGERS	ROD	LEOSSA	HOSPITAL	Total
Proportionate share of the Net Pension Liability (Asset)	$ 1,991,581	$ (14,170)	$ -	$ 4,152,491	$ 6,129,902
Proportionate of the Net Pension Liability (Asset)	0.0839%	0.0856%	n/a	n/a	n/a
Total Pension Liability	-	-	204,301	-	204,301
Pension Expense	562,374	4,955	18,624	(262,627)	323,326
Deferred Outflows of Resources					
Differences between expected and actual experience	307,254	125	15,610	-	322,989
Changes of assumptions	528,489	6,765	10,075	-	545,329
Net difference between project and actual earnings on plan investments	273,385	666	-	43,523	317,574
Changes in proportion and differences between contributions and proportionate share of contributions	7,764	2,259	-	-	10,023
Benefit payments and administrative costs paid subsequent to the measurement date	439,377	3,964	-	-	443,341
Deferred Inflows of Resources					
Difference between expected and actual experience	10,310	647	45,066	-	56,023
Changes of assumptions	-	923	7,940	-	8,863
Net difference between projected and actual earnings on plan investments	-	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	71,466	-	-	-	71,466

e. Other Postemployment Benefits

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

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

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

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

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

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

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

Contributions . By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the County contributed 6.27% of covered payroll which amounted to $353,971.

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

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

At June 30, 2019, the County reported a liability of $8,473,050 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net OPEB liability was based on a projection of the County's present value of future salary, actuarially determined. At June 30, 2018, the County's proportion was 0.02974%, which was a decrease from the prior year proportion by 0.00369%.

For the year ended June 30, 2019, County recognized OPEB revenue of $159,535. At June 30, 2019, 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	$ -	$ 579,425
Changes of assumptions	-	3,670,721
Net difference between projected and actual earnings on pension plan investments	911	-
Changes in proportion and differences between County Contributions and proportionate share of contributions	887,564	1,334,030
County contributions subsequent to the measurement date	353,971	-
Total	$ 1,242,446	$ 5,584,176

The amount reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date, of $353,971, will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June	
2020	$ (1,030,332)
2021	(1,030,332)
2022	(1,030,332)
2023	(1,029,426)
2024	(575,279)
Total	$ (4,695,701)

Actuarial Assumptions. The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of December 31, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Discount Rate	3.87%
Long-term expected rate of return on OPEB investments	7.20%, net of investment expenses, including inflation
Healthcare Cost Trend Rate	5.00% - 6.50% - Medical 5.00% - 7.25% - Prescription 3.00% - Administrative
Inflation Rate	2.75%
Salary increase	3.50% to 8.10%

Mortality rates were based on the RP-2014 Employee table without adjustment.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study which covered the period from January 1, 2010 through December 31, 2014.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the County and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Discount rate . The discount rate used to measure the total OPEB liability for the RHBF was 3.87%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.87% was used as the discount rate used to measure the total OPEB liability. The 3.87% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2018.

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	$ 10,010,995	$ 8,473,050	$ 7,240,223

Sensitivity of the County's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the County's proportionate share of the net OPEB liability, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (5.50% decreasing to 4.00%) or 1-percentage point higher (7.50% decreasing to 6.00%) than the current discount rate:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB liability	$ 6,990,046	$ 8,473,050	$ 1,041,945

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

f. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience		
LGERS	$ 307,254	$ 10,310
Register of Deeds	125	647
LEOSSA	15,610	45,066
OPEB	-	579,425
Changes of Assumptions		
LGERS	528,489	-
Register of Deeds	6,765	923
LEOSSA	10,075	7,940
OPEB	-	3,670,721
Pensions - difference between projected and actual investment		
LGERS	273,385	-
Register of Deeds	666	-
Hospital	43,523	-
OPEB	911	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	7,764	71,466
Register of Deeds	2,259	-
OPEB	887,564	1,334,030

Deferred Outflows and Inflows of Resources (continued)

Contributions to pension plan in current fiscal year		
LGERS	439,377	-
Register of Deeds	3,964	-
Benefit payments/administration costs paid subsequent to the measurement date		
OPEB	353,971	-
Prepaid taxes (General)	-	77,575
Taxes receivable, net (General)	-	803,808
	$ 2,881,702	$ 6,601,911

4. Landfill Liabilities

State and federal laws and regulations require the County to place a final cover on its landfill facilities when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The $1,825,642 reported as landfill closure and post-closure care liability at June 30, 2019 represents a cumulative amount reported to date based on the use of 98.84% percent of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of $21,470 as the remaining estimated capacity is filled. All of the above amounts are based on what it would cost to perform all closure and post-closure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

5. Risk Management

The County is exposed to various risks of loses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of $1 million for any one occurrence, general, professional, and employment practices liability coverage of $5 million per occurrence auto physical damage coverage for owned autos at actual cash value, crime coverage of $250,000 per occurrence, workers' compensation coverage up to the statutory limits. These pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of a $500,000 retention up to a $2 million limit for liability coverage, and $750,000 of each loss in excess of a $250,000 per occurrence retention for property, and auto physical damage, with a $750,000 annual aggregate retention. For workers' compensation, there is a per occurrence retention of $0.

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

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

The County also participates in the State Comprehensive Major Medical Plan (also referred to as the State Health Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Participants in the Plan include all full-time agency employees and other participants who have the option to participate at their own expense (employee family members and terminated employees up to 18 months after termination). The County pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan. As of June 30, 2019, the County had 152 active participants in the Plan. The Plan provides medical coverage with no lifetime maximum. The Insurance Plan Administrator for the fiscal year ended June 30, 2019 was North Carolina State Health Plan for medical.

6. Contingent Liabilities

At June 30, 2019, the County is a plaintiff in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

7. Long-Term Obligations

a. Installment Purchases

Installment purchases serviced by the County are as follows:

The County entered into a direct placement installment purchase in February 2011 to finance the construction of a building at the Commerce Center. Payments are due annually on February 22 at an interest rate of 4.41% and mature in 2021. The building stands as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of this Agreement or to recover for the breach thereof; (c) exercise all the rights and remedies of a secured party or creditor under the Deed of Trust, Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or served hereunder and under the Deed of Trust, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the Property and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the Count, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses; (d) take possession of any proceeds of the property, including net proceeds, or (e) pursue any other remedy available at law or equity to the Lender.	$ 100,000
The County entered into a direct placement installment purchase in December 2016 to finance the purchase of ambulances. Payments are due annually on December 15 at an interest rate of 2.27% and mature in 2022. The ambulances stand as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of this Agreement or to recover for the breach thereof; (c) pay over any balance remaining in the project fund against outstanding required payments; and (d) avail itself if all available remedies under the agreement, including execution as provided in Section 6.03 and recovery of attorneys' fees and other expenses.	85,034

The County entered into a direct placement installment purchase in December 2017 to finance the purchase of equipment. Payments are due annually on November 30 at an interest rate of 2.25% and mature in 2023. The equipment is pledged as collateral for the loan. In the event of default, the lender may exercise any one or more of the following remedies: (a) declare the unpaid principal component of the Installment Payments immediately due and payable; (b) proceed by appropriate court action to enforce the County's performance of the applicable covenants of this Agreement or to recover for the breach thereof; or (c) avail itself if all available remedies under the agreement, including execution as provided in Section 6.03 and recovery of attorneys' fees and other expenses.	167,220
Total serviced by the General Fund	$ 352,254

	Governmental Activities		
Year Ending June 30	Principal	Interest	Total
2020	$ 118,133	$ 10,103	$ 128,236
2021	119,664	6,367	126,031
2022	71,245	2,581	73,826
2023	43,212	972	44,184
2024	-	-	-
Total	$ 352,254	$ 20,023	$ 372,277

b. Revolving Loan

In June 2014, the County signed a direct borrowing note payable to the North Carolina Department of Environmental and Natural Resources in the amount of $573,811. During fiscal year 2015, the County received loan proceeds totaling $559,849 from the North Carolina Department of Environmental and Natural Resources Drinking Water Revolving Loan fund for the replacement of water meters for customers throughout the County. The loan is payable annually on May 1 without interest until maturity in 2034. The County agrees that any other monies due to the County from the State may be withheld by the State and applied to the payment of this obligation whenever the unit fails to pay any payment of principal or interest on this note when due.	$ 419,887
Total Revolving Loan	$ 419,887

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

Year Ending June 30	Business-type Activities Revolving Loans Principal	Interest
2020	$ 27,992	$ -
2021	27,992	-
2022	27,992	-
2023	27,992	-
2024	27,992	-
2025-2029	139,964	-
2030-2034	139,963	-
Total	$ 419,887	$ -

c. Revenue Bonds

In October 1995, the County issued a $1,010,000 direct placement water revenue bond with a term of 39 years to finance its water works extension project. On August 26, 2013, the County issued $776,180 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2019 was $597,094. The revenue bonds, which mature June 2033, are reported in the Water Fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

In December 2000, the County issued a $4,849,000 direct placement water revenue bond with a term of 40 years to finance its water works extension project. On August 26, 2013, the County issued $4,140,000 in water revenue advance refunding bonds. The interest rate on the bonds is 3.89% and is payable annually on June 1. The balance due at June 30, 2019 was $3,184,790. The revenue bonds, which mature June 2033, are reported in the water fund because the principal and interest are payable from the net revenues of the proprietary fund type. The taxing power of the County is not pledged for the payment of the principal or interest on the revenue bonds, and no owner has the right to compel the exercise of the taxing power of the County or the forfeiture of any of its property in connection with any default under the bond order.

Revenue Bonds (continued)

Section 5.01(b) of the Bond Order requires the debt service coverage ratio to be no less than 110% of the revenue bond debt service and no less than 100% of the total district debt service obligations. The debt service coverage ratio calculation for the year ended June 30, 2019, is as follows:

Operating Revenues	$ 1,371,251	
Operating Expenses*	1,046,274	
Operating income	324,977	
Nonoperating revenues (expenses)**	216,642	
Income available for debt service	541,619	
Debt service, principal and interest paid (Revenue Bond only)	$ 355,431	
All debt service (excluding interest included in nonoperating expenditures above)		$ 383,423
Debt service coverage ratio	152.38%	141.26%

*Per rate covenants, this does not include depreciation expense of $261,370.
**Does not include revenue bond interest paid of $54,915.

Year Ending June 30	Business-type Activities Revenue Bonds Principal	Interest	Total
2020	$ 208,317	$ 147,115	$ 355,432
2021	216,420	139,012	355,432
2022	224,839	130,593	355,432
2023	233,585	121,847	355,432
2024	242,672	112,760	355,432
2025-2029	1,362,509	414,641	1,777,150
2030-2034	1,293,532	1,194,163	2,487,695
Total	$ 3,781,874	$ 2,260,131	$ 6,042,005

f. Long-Term Obligation Activity:

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2019:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Direct purchase agreements	$ 517,924	$ -	$ 165,670	$ 352,254	$ 118,133
Net pension liability - LGERS	1,320,450	542,734	-	1,863,184	-
Net pension liability - Hospital	4,395,509	-	243,018	4,152,491	-
Total pension liability - LEOSSA	241,776	-	37,475	204,301	-
Compensated absences	512,210	-	7,026	505,184	-
Net OPEB liability	10,253,225	-	2,326,433	7,926,792	-
Total	$17,241,094	$ 542,734	$ 453,189	$ 15,004,206	$ 118,133
Business-type Activities:					
Revenue bonds	$ 3,982,400	$ -	$ 200,516	$ 3,781,884	$ 208,317
Direct borrowing agreement	447,880	-	27,993	419,887	27,992
Closure & post-closure liability	1,609,079	216,563	-	1,825,642	-
Net pension liability - LGERS	91,013	37,384	-	128,397	-
Net OPEB liability	706,710	-	160,452	546,258	-
Compensated absences	25,488	-	1,147	24,341	-
Total	$ 6,862,570	$ 253,947	$ 390,108	$ 6,726,409	$ 236,309

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

C. Interfund Balances and Activity

The composition of interfund balances as of June 30, 2019 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Sanitation Fund	$ 146,237
General Fund	Water Fund	842,650
General Fund	Emergency Management Fund	259,853
General Fund	Commerce Center Project Fund	189,059
School Capital Outlay Fund	General Fund	524,974
Drainage Fund	General Fund	10,897
Airport Grant Fund	General Fund	347,503
Single Family Rehab Fund	General Fund	3,812
Emergency Telephone System Fund	General Fund	112,650
		$ 2,437,635

Interfund Balances and Activity (continued)

Due to/from component units:

Receivable Fund	Payable Fund	Amount
Travel and Tourism Authority	General Fund	$ 48,879

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

Interfund transfers:

Transfer In	Transfer Out	Amount
Emergency Medical Services Fund	General Fund	$ 568,594
Airport Fund	General Fund	80,098
Commerce Center Project Fund	General Fund	32
		$ 648,724

Transfers are used to move unrestricted revenues from the General Fund to support shortfalls in operations in other funds.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	$ 12,349,998	$ 6,854,168
less: long-term debt	(352,254)	(4,201,771)
add: unexpended debt proceeds	-	-
Net investment in capital assets	$ 11,997,744	$ 2,652,397

E. Fund Balance

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

Fund Balance (continued)

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

Total Fund Balance - General Fund	$ 7,725,820
Less:	
Stabilization by State Statute	2,278,430
Education - School Capital	672,111
Tax revaluation	251,282
Hospital pension plan	434,009
Subsequent year's expenditures	200,803
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	$ 3,889,185

The County had no outstanding encumbrances at June 30, 2019.

NOTE IV: Joint Ventures

The County participates in a joint venture to operate Pettigrew Regional Library with four other local governments. Each participating local government appoints one board member to the five member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $182,558 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 201 E. 3rd Street, Plymouth, NC 27962.

The County also participates in a joint venture to operate Martin, Tyrell, Washington Health Department with two other local governments. The County government appoints certain board members to the board of the Health Department per State statute. The County has an ongoing financial responsibility for the joint venture because the Health Department's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2019.

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

Joint Ventures (continued)

The County also participates in a joint venture to operate Trillium Health Resources with twenty-five other local governments. Each participating local government appoints certain members to the governing board of Trillium Health Resources. The County has an ongoing financial responsibility for the joint venture because Trillium Health Resources' continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Trillium Health Resources, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $30,000 to Trillium Health Resources to supplement its activities. Complete financial statements for Trillium Health Resources can be obtained from their office at 2096 Central Park Drive Winterville, North Carolina, 28590.

NOTE V: Jointly Governed Organizations

The County, in conjunction with nine other counties and fourteen municipalities, established the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Commission's governing board. The County paid membership fees of $10,749 to the Commission during the fiscal year ended June 30, 2019.

The County, in conjunction with seven other counties, joined the Albemarle Regional Solid Waste Management Authority. The participating governments established the Authority to provide environmentally sound, cost effective management of solid waste, including storage, collection, transporting, separation, processing, recycling, and disposal of solid waste in order to protect the public health, safety and welfare. Each participating county appoints one member to the Authority's governing board. The authority also serves the municipalities within its member counties. The County paid membership fees of $3,690 to the Authority during the fiscal year ended June 30, 2019.

NOTE VI: Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

NOTE VII: Subsequent Events

No items were noted to disclose.

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

~ Schedule of County's Proportionate Share of Net Pension Liability (LGERS)

~ Schedule of County Contributions (LGERS)

~ Schedule of County's Proportionate Share of Net Pension Asset (ROD)

~ Schedule of County Contributions (ROD)

~ Schedule of Changes in Total Pension Liability (LEOSSA)

~ Schedule of Total Pension Liability as a Percentage of Covered Payroll (LEOSSA)

~ Schedule of Changes in County's Net Pension Liability and Related Ratios - Hospital Pension

~ Schedule of County Contributions - Hospital Pension

~ Schedule of Pension Investment Returns - Hospital Pension

~ Schedule of Proprortionate Share of the County's Net OPEB Liability - Retiree Health Benefit

~ Schedule of County Contributions - Retiree Health Benefit Fund

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

	Local Government Employees' Retirement System					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
County's proportion of the net pension liability (asset) (%)	0.08395%	0.09239%	0.09387%	0.09047%	0.09456%	0.87800%
County's proportion of the net pension liability (asset) ($)	$ 1,991,581	$ 1,411,463	$ 1,992,236	$ 406,024	$ (557,664)	$ 1,058,327
County's covered payroll	$ 5,461,694	$ 5,663,037	$ 5,676,046	$ 5,785,207	$ 5,669,505	$ 5,669,505
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.46%	24.92%	35.10%	7.02%	-9.84%	18.67%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

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

	Local Government Employees' Retirement System					
	2019	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 438,377	$ 415,080	$ 420,354	$ 382,194	$ 411,341	$ 400,834
Contributions in relation to the contractually required contribution	438,377	415,080	420,354	382,194	411,341	400,834
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 5,594,314	$ 5,461,694	$ 5,663,037	$ 5,676,046	$ 5,785,207	$ 5,669,505
Contributions as a percentage of covered payroll	7.84%	7.60%	7.42%	6.73%	7.11%	7.07%

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

WASHINGTON COUNTY
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)
Register of Deeds' Supplemental Pension Fund
Last Six Fiscal Years*

	2019	2018	2017	2016	2015	2014
County's proportionate share of the net pension liability (asset) %	0.0856%	0.1319%	0.1201%	0.1233%	0.0979%	0.7441%
County's proportionate share of the net pension liability (asset) $	$ (14,170)	$ (22,512)	$ (22,452)	$ (28,562)	$ (22,192)	$ (15,894)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

WASHINGTON COUNTY
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Six Fiscal Years*

	2019	2018	2017	2016	2015	2014
County's required contribution	$ 3,964	$ 732	$ 1,146	$ 981	$ 986	$ 799
Contributions in relation to contractually required contribution	3,964	732	1,146	981	986	799
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -

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

WASHINGTON COUNTY
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2019

	2019	2018	2017
Beginning Balance	$ 241,776	$ 181,532	$ 162,914
Service Cost	15,492	15,660	16,885
Interest on the total pension liability	7,640	7,007	5,816
Differences between expected and actuarial experience in the measurement of the total pension liability	(53,800)	22,838	-
Changes of assumptions and other inputs	(6,807)	14,739	(4,083)
Ending balance of total pension liability	$ 204,301	$ 241,776	$ 181,532

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

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

WASHINGTON COUNTY
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2019

	2019	2018	2017
Total pension liability	$ 204,301	$ 241,776	$ 181,532
Covered payroll	670,259	808,505	780,374
Total pension liability as a percentage of covered payroll	30.48%	29.90%	23.26%

Notes to the schedules:

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

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

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

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

WASHINGTON COUNTY
Schedule of County Contributions
Hospital Employee's Pension Fund
Last Six Fiscal Years*

	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 277,031	$ 242,902	$ 279,097	$ 225,979	$ 202,714	$ 177,348
Contributions in relation to the actuarially required contribution	-	-	-	-	100,000	61,142
Contribution deficiency (excess)	$ 277,031	$ 242,902	$ 279,097	$ 225,979	$ 102,714	$ 116,206
County's covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a

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

Notes to the Schedule
The schedule will present 10 years of information once it is accumulated.

The annual required contribution for the current year was determined as part of the January 1, 2017 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 0.00% per year. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments.

WASHINGTON COUNTY
Schedule of Pension Investment Returns
Hospital Employee's Pension Fund
For the Year Ended June 30, 2019

	2019	2018	2017
Annual money-weighted rate of return, net of investmement expenses for the County's Hospital Authority Pension Plan.	0.00%	0.00%	2.59%

Notes to the schedules:
The schedule will present 10 years of information once it is accumulated.

WASHINGTON COUNTY
Schedule of the County's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund (OPEB Plan)
For the Year Ended June 30, 2019

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

Notes to the schedules:

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

WASHINGTON COUNTY
Schedule of County Contributions
Retiree Health Benefit Fund (OPEB Plan)
For the Year Ended June 30, 2019

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

Notes to the schedules:

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

MAJOR FUNDS

General Fund

Emergency Medical Services Fund

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Property taxes	$ 8,238,874	$ 8,325,489	$ (86,615)
Tax penalties and interest	102,500	118,672	(16,172)
Total ad valorem taxes	8,341,374	8,444,161	(102,787)
Other Taxes and Licenses			
Privilege and beer licenses	600	670	(70)
Gross receipts tax	-	788	(788)
Total other taxes and licenses	600	1,458	(858)
Sales Tax			
Article 44 one-half of one percent	720,000	857,297	(137,297)
Article 40 one-half of one percent	528,000	600,213	(72,213)
Article 42 one-half of one percent	185,000	190,583	(5,583)
Redistribution	252,000	273,175	(21,175)
Total sales tax	1,685,000	1,921,268	(236,268)
Unrestricted Intergovernmental Revenues			
Beer and wine tax	37,000	34,096	2,904
ABC Board profit distribution	25,000	26,435	(1,435)
Cable franchise fees	14,000	12,468	1,532
Payments in lieu of taxes	13,500	15,724	(2,224)
Total unrestricted intergovernmental	89,500	88,723	777
Restricted Intergovernmental Revenues			
State grants	436,645	473,288	(36,643)
Federal grants	3,441,265	2,529,317	911,948
Court facility fees	23,000	25,207	(2,207)
ABC bottle taxes	3,000	3,166	(166)
Total restricted intergovernmental	3,903,910	3,030,978	872,932
Permits and Fees			
Building permits	32,900	50,423	(17,523)
Officer and sheriff fees	42,000	43,245	(1,245)
Gun permits	12,780	13,535	(755)
Register of deeds	78,000	61,650	16,350
Total charges for services	165,680	168,853	(3,173)
Sales and Services			
Concessions	19,400	60,106	(40,706)
Animal adoption fees	500	280	220
School resource officer fees	181,886	198,924	(17,038)
Jail fees	201,000	205,740	(4,740)
Election fees	-	-	-
Tax collection fees	4,000	5,030	(1,030)
Senior citizens funds	13,497	10,816	2,681
Recreation fees	3,585	7,307	(3,722)
Total sales and services	423,868	488,203	(64,335)
Investment Earnings	78,832	148,443	(69,611)

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Miscellaneous			
Administrative reimbursement	3,500	3,500	-
Contributions	13,066	13,402	(336)
Insurance proceeds	28,744	28,748	(4)
Sale of fixed assets	5,000	5,996	(996)
Miscellaneous	750	1,998	(1,248)
Total miscellaneous revenues	51,060	53,644	(2,584)
Total Revenues	$ 14,739,824	$ 14,345,731	$ 394,093
Expenditures			
General Government:			
Governing Board			
Governing board fees	$ 56,360	$ 56,326	$ 34
Operating expenditures	33,250	27,371	5,879
Total	89,610	83,697	5,913
Administration			
Salaries and benefits	246,670	237,223	9,447
Operating expenditures	242,258	223,419	18,839
Total	488,928	460,642	28,286
Elections			
Salaries and benefits	70,912	70,131	781
Operating expenditures	31,474	29,906	1,568
Total	102,386	100,037	2,349
Finance			
Salaries and benefits	237,389	222,620	14,769
Operating expenditures	123,779	113,590	10,189
Total	361,168	336,210	24,958
Tax Administration			
Salaries and benefits	254,596	252,437	2,159
Operating expenditures	57,130	45,018	12,112
Total	311,726	297,455	14,271
Legal and Professional			
Contracted services	319,461	29,914	289,547
Total	319,461	29,914	289,547
Register of Deeds			
Salaries and benefits	124,334	123,882	452
Operating expenditures	26,530	25,463	1,067
Total	150,864	149,345	1,519
Facility Services			
Salaries and benefits	266,508	249,748	16,760
Operating expenditures	417,297	393,910	23,387
Capital outlay	29,285	20,760	8,525
Total	713,090	664,418	48,672

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Information Technology			
Salaries and benefits	74,413	72,433	1,980
Operating expenditures	41,100	38,359	2,741
Total	115,513	110,792	4,721
Geographic Information			
Salaries and benefits	54,864	54,745	119
Operating expenditures	10,600	10,168	432
Total	65,464	64,913	551
Total General Government	2,718,210	2,297,423	420,787
Public safety:			
Sheriff			
Salaries and benefits	1,079,855	1,060,163	19,692
Operating expenditures	194,302	167,179	27,123
Capital outlay	104,605	36,993	67,612
Total	1,378,762	1,264,335	114,427
Communications E911			
Salaries and benefits	444,944	436,373	8,571
Operating expenditures	12,781	11,657	1,124
Capital outlay	-	-	-
Total	457,725	448,030	9,695
Detention Center			
Salaries and benefits	603,230	590,542	12,688
Operating expenditures	332,484	285,352	47,132
Total	935,714	875,894	59,820
School Resource Officer - Union			
Salaries and benefits	51,761	51,336	425
Operating expenditures	3,950	2,657	1,293
Total	55,711	53,993	1,718
School Resource Officer - Creswell			
Salaries and benefits	52,065	51,527	538
Operating expenditures	3,646	3,106	540
Total	55,711	54,633	1,078
School Resource Officer - Pines			
Salaries and benefits	54,658	54,656	2
Operating expenditures	2,872	2,855	17
Total	57,530	57,511	19
School Resource Officer - Plymouth			
Salaries and benefits	53,828	33,981	19,847
Operating expenditures	4,000	2,226	1,774
Total	57,828	36,207	21,621

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Fire Protection			
Operating expenditures	381,635	381,635	-
Total	381,635	381,635	-
Planning and Inspections			
Salaries and benefits	141,162	139,071	2,091
Operating expenditures	1,135,666	215,752	919,914
Total	1,276,828	354,823	922,005
Medical Examiner			
Contracted services	10,000	7,450	2,550
Total	10,000	7,450	2,550
Forestry			
County contribution	88,140	72,023	16,117
Total	88,140	72,023	16,117
Total Public Safety	4,755,584	3,606,534	1,149,050
Economic and Physical Development:			
Cooperative Extention Service			
Salaries and benefits	108,322	91,414	16,908
Operating expenditures	15,394	14,028	1,366
Total	123,716	105,442	18,274
Soil and Water Conservation			
Salaries and benefits	49,854	49,534	320
Operating expenditures	8,300	6,504	1,796
Total	58,154	56,038	2,116
Total Economic and Physical Develop	181,870	161,480	20,390
Human services:			
Contribution to District Health Department	199,346	199,346	-
Mental Health			
Mental health operations	30,000	30,000	-
Total	30,000	30,000	-
Juvenile Justice			
Operating expenditures	82,739	82,633	106
Total	82,739	82,633	106
Social Services Administration			
Salaries and benefits	2,836,783	2,701,357	135,426
Operating expenditures	310,851	279,163	31,688
Total	3,147,634	2,980,520	167,114
Social Services			
Economic support	747,095	572,268	174,827
Total	747,095	572,268	174,827

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Social Services Transportation			
Operating expenditures	168,298	158,594	9,704
Total	168,298	158,594	9,704
Community Alternatives Program			
Salaries and benefits	-	-	-
Operating expenditures	55,500	37,642	17,858
Total	55,500	37,642	17,858
Veterans Service Officer			
Salaries and benefits	10,902	10,809	93
Operating expenditures	2,260	1,174	1,086
Total	13,162	11,983	1,179
Total Human Services	4,443,774	4,072,986	370,788
Cultural and recreational:			
Recreation			
Salaries and benefits	76,520	74,708	1,812
Operating expenditures	78,438	69,958	8,480
Capital outlay	-	-	-
Total	154,958	144,666	10,292
Senior Citizens Center			
Salaries and benefits	124,730	121,352	3,378
Operating expenditures	98,775	77,758	21,017
Total	223,505	199,110	24,395
Library			
Contribution to regional library	182,558	182,558	-
Total	182,558	182,558	-
Total Cultural and Recreational	561,021	526,334	34,687
Education:			
Public School			
Current Expense	1,723,000	1,723,000	-
Capital Outlay	-	-	-
Total Education	1,723,000	1,723,000	-
Contingency	127	-	127
Debt service:			
Principal	58,337	58,337	-
Interest and fees	6,803	6,742	61
Total debt service	65,140	65,079	61
Total expenditures	14,448,726	12,452,836	1,995,890
Revenue over (under) expenditures	291,098	1,892,895	1,601,797

Washington County, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other financing sources (uses):			
Issuance of long-term debt	95,000	-	(95,000)
Transfers Out	(681,724)	(681,724)	-
Appropriated Fund Balance	295,626	-	(295,626)
Total other financing sources (uses)	(291,098)	(681,724)	(390,626)
Net change in fund balance	$ -	1,211,171	$ 1,211,171
Fund balance, beginning of year		6,263,367	
Fund balance, end of year		$ 7,474,538	

Washington County, North Carolina
Tax Mapping and Revaluation Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ 500	$ 5,028	$ 4,528
Total revenues	500	5,028	4,528
Other financing sources (uses):			
Transfers In	33,000	33,000	-
Reserve for reappraisal	(33,500)	-	33,500
Appropriated Fund Balance	-	-	-
Total other financing sources (uses)	(500)	33,000	33,500
Net change in fund balance	$ -	38,028	$ 38,028
Fund balance, beginning		213,254	
Fund balance, ending		$ 251,282	

Washington County, North Carolina
Emergency Medical Services Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted Intergovernmental	$ 160,000	$ 179,787	$ 19,787
Sales and Services	1,491,130	1,397,832	(93,298)
Total revenues	1,651,130	1,577,619	(73,511)
Expenditures:			
Human Services			
EMS - Washington County	2,195,020	2,060,415	134,605
Transport - Washington County	250,058	206,799	43,259
Contingency	127,502	-	127,502
Total human services	2,572,580	2,267,214	305,366
Debt Service			
Principal retirement	107,335	107,333	2
Interest	8,114	8,064	50
Total debt service	115,449	115,397	52
Total expenditures	2,688,029	2,382,611	305,418
Revenues over (under) expenditures	(1,036,899)	(804,992)	231,907
Other Financing Sources			
Transfers in	568,594	568,594	-
Installment notes issued	-	-	-
Appropriated Fund Balance	468,305	-	(468,305)
Total Other Financing Sources	1,036,899	568,594	(468,305)
Net Change in Fund Balances	$ -	(236,398)	$ (236,398)
Fund balance, beginning		577,487	
Fund balance, ending		$ 341,089	

NON-MAJOR GOVERNMENTAL FUNDS

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

Washington County, North Carolina
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	$ 551,962	$ 186,850	$ 738,812
Accounts receivable (net)	37,679	147,137	184,816
Due from other governments	2,577	2,209	4,786
Due from other funds	127,359	872,477	999,836
Total assets	$ 719,577	$ 1,208,673	$ 1,928,250
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 3,759	$ -	$ 3,759
Due to other funds	-	189,059	189,059
Accrued Liabilities	2,709	-	2,709
Total liabilities	6,468	189,059	195,527
Fund balances:			
Restricted:			
Public Safety	539,475	-	539,475
Education	-	672,111	672,111
Economic and Physical Development	173,634	-	173,634
Assigned			
Capital Projects	-	347,503	347,503
Total fund balances	713,109	1,019,614	1,732,723
Total liabilities, deferred inflows of resources, and fund balances	$ 719,577	$ 1,208,673	$ 1,928,250

Washington County, North Carolina
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues:			
Other taxes and license	$ 220,529	$ -	$ 220,529
Restricted intergovernmental	285,768	1,335,212	1,620,980
Sales and Services	110,212	-	110,212
Investment earnings	170	-	170
Total revenues	616,679	1,335,212	1,951,891
Expenditures:			
Current:			
Public safety	102,219	-	102,219
Economic and physical development	536,617	-	536,617
Total current expenditures	638,836	-	638,836
Capital outlay	-	1,804,122	1,804,122
Total Expenditures	638,836	1,804,122	2,442,958
Revenues over (under) expenditures	(22,157)	(468,910)	(491,067)
Other financing sources (uses):			
Transfers in (out)	80,098	32	80,130
Total other financing sources (uses)	80,098	32	80,130
Net change in fund balance	57,941	(468,878)	(410,937)
Fund balances, beginning	655,168	1,488,492	2,143,660
Fund balances, ending	$ 713,109	$ 1,019,614	$ 1,732,723

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2019

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA Single Family Rehabilitation Loan Pool	NC Housing Finance Agency Urgent Repair Program	Total
ASSETS						
Cash and cash equivalents	$ 415,027	$ 113,915	$ 23,020	$ -	$ -	$ 551,962
Accounts receivable (net)	10,882	-	5,316	21,481	-	37,679
Due from other governments	2,269	-	308	-	-	2,577
Due from other funds	112,650	10,897	-	3,812	-	127,359
Total assets	$ 540,828	$ 124,812	$ 28,644	$ 25,293	$ -	$ 719,577
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 1,353	$ -	$ 2,406	$ -	$ -	$ 3,759
Due to other funds	-	-	-	-	-	-
Accrued Liabilities	-	-	2,709	-	-	2,709
Total liabilities	1,353	-	5,115	-	-	6,468
Fund Balances:						
Restricted:						
Public Safety	539,475	-	-	-	-	539,475
Economic and Physical Development	-	124,812	23,529	25,293	-	173,634
Capital Project	-	-	-	-	-	-
Total fund balances	539,475	124,812	23,529	25,293	-	713,109
Total liabilities, deferred inflows of resources and fund balances	$ 540,828	$ 124,812	$ 28,644	$ 25,293	$ -	$ 719,577

Washington County, North Carolina
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	Emergency Telephone System Fund	Drainage Fund	Airport Fund	NCHFA Single Family Rehabilitation Loan Pool	NC Housing Finance Agency Urgent Repair Program	Total
Revenues:						
Other taxes and licenses	$ 130,585	$ 89,944	$ -	$ -	$ -	$ 220,529
Restricted intergovernmental	-	41,170	-	194,598	50,000	285,768
Sales and Services	-	-	110,212	-	-	110,212
Investment earnings	-	170	-	-	-	170
Total revenues	130,585	131,284	110,212	194,598	50,000	616,679
Expenditures:						
Public safety	102,219	-	-	-	-	102,219
Economic and physical development	-	94,606	167,913	194,598	79,500	536,617
Total expenditures	102,219	94,606	167,913	194,598	79,500	638,836
Revenues over (under) expenditures	28,366	36,678	(57,701)	-	(29,500)	(22,157)
Other financing sources (uses):						
Transfers in (out)	-	-	80,098	-	-	80,098
Total other financing sources (uses)	-	-	80,098	-	-	80,098
Net change in fund balances	28,366	36,678	22,397	-	(29,500)	57,941
Fund balances, beginning	511,109	88,134	1,132	25,293	29,500	655,168
Fund balances, ending	$ 539,475	$ 124,812	$ 23,529	$ 25,293	$ -	$ 713,109

Washington County, North Carolina
Emergency Telephone System Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and License	$ 138,791	$ 130,585	$ (8,206)
Total revenues	138,791	130,585	(8,206)
Expenditures:			
Public Safety	108,398	102,219	6,179
Capital Outlay	400,000	-	400,000
Total expenditures	508,398	102,219	406,179
Revenues over (under) expenditures	(369,607)	28,366	397,973
Other Financing Sources			
Appropriated Fund Balance	369,607	-	(369,607)
Total Other Financing Sources	369,607	-	(369,607)
Net Change in Fund Balances	$ -	28,366	$ 28,366
Fund balance, beginning		511,109	
Fund balance, ending		$ 539,475	

Washington County, North Carolina
Drainage Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Taxes and Licenses	$ 92,826	$ 89,944	$ (2,882)
Restricted intergovernmental	210,397	41,170	(169,227)
Investment earnings	-	170	170
Total revenues	303,223	131,284	(171,939)
Expenditures:			
Economic and Physical Development	312,844	94,606	218,238
Total expenditures	312,844	94,606	218,238
Revenues over (under) expenditures	(9,621)	36,678	46,299
Other Financing Sources			
Appropriated Fund Balance	9,621	-	(9,621)
Total Other Financing Sources	9,621	-	(9,621)
Net Change in Fund Balances	$ -	36,678	$ 36,678
Fund balance, beginning		88,134	
Fund balance, ending		$ 124,812	

Washington County, North Carolina
Airport Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and Services	$ 111,760	$ 110,212	$ (1,548)
Total revenues	111,760	110,212	(1,548)
Expenditures:			
Economic and Physical Development	191,858	167,913	23,945
Total expenditures	191,858	167,913	23,945
Revenues over (under) expenditures	(80,098)	(57,701)	22,397
Other Financing Sources (Uses):			
Transfer in (out)	80,098	80,098	-
Appropriated Fund Balance	-	-	-
Total Other Financing Sources (Uses)	80,098	80,098	-
Net Change in Fund Balance	$ -	22,397	$ 22,397
Fund balance, beginning		1,132	
Fund balance, ending		$ 23,529	

Washington County, North Carolina
NCHFA Single Family Rehabilitation Loan Pool Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Retricted Intergovernmental	$ 212,588	$ 32,412	$ 194,598	$227,010	$ 14,422
Total revenues	212,588	32,412	194,598	227,010	14,422
Expenditures:					
Economic and Physical Development	212,588	32,412	194,598	227,010	(14,422)
Total expenditures	212,588	32,412	194,598	227,010	(14,422)
Revenues over (under) expenditures	-	-	-	-	-
Other Financing Sources					
Appropriated Fund Balance	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
Net Change in Fund Balances	$ -	$ -	-	$ -	$ -
Fund balance, beginning			25,293		
Fund balance, ending			$ 25,293		

Washington County, North Carolina
NC Housing Finance Agency Urgent Repair Program
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Retricted Intergovernmental	$ 50,000	$ 100,000	$ 50,000	$ 150,000	$ 100,000
Total revenues	50,000	100,000	50,000	150,000	100,000
Expenditures:					
Economic and Physical Development	79,500	106,577	79,500	186,077	(106,577)
Total expenditures	79,500	106,577	79,500	186,077	(106,577)
Revenues over (under) expenditures	(29,500)	(6,577)	(29,500)	(36,077)	(6,577)
Other Financing Sources					
Appropriated Fund Balance	29,500	36,077	-	36,077	6,577
Total Other Financing Sources	29,500	36,077	-	36,077	6,577
Net Change in Fund Balances	$ -	$ 29,500	(29,500)	$ -	$ -
Fund balance, beginning			29,500		
Fund balance, ending			$ -		

CAPITAL PROJECTS FUND

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

Washington County, North Carolina
Non-Major Capital Projects Fund
Combining Balance Sheets
June 30, 2019

	School Capital Outlay Fund	Airport Grant Fund	Commerce Center Project Fund	Total
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 186,850	$ 186,850
Accounts receivable (net)	147,137	-	-	147,137
Due from other governments	-	-	2,209	2,209
Due from other Funds	524,974	347,503	-	872,477
Total assets	$ 672,111	$ 347,503	$ 189,059	$ 1,208,673
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-
Due to other funds	-	-	189,059	189,059
Total liabilities	-	-	189,059	189,059
Fund balances:				
Restricted:				
Education	672,111	-	-	672,111
Capital Projects	-	-	-	-
Assigned				
Capital Projects	-	347,503	-	347,503
Total fund balances	672,111	347,503	-	1,019,614
Total liabilities and fund balances	$ 672,111	$ 347,503	$ 189,059	$ 1,208,673

Washington County, North Carolina
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2019

	School Capital Outlay Fund	Airport Grant Fund	Commerce Center Project Fund	Total
Revenues:				
Restricted intergovernmental	$ 543,108	$ 188,069	$ 604,035	$ 1,335,212
Total revenues	543,108	188,069	604,035	1,335,212
Expenditures:				
Capital outlay	887,000	183,389	733,733	1,804,122
Total expenditures	887,000	183,389	733,733	1,804,122
Revenues over (under) expenditures	(343,892)	4,680	(129,698)	(468,910)
Other financing sources (uses):				
Transfers In	-	-	32	32
Total other financing sources (uses)	-	-	32	32
Net change in fund balances	(343,892)	4,680	(129,666)	(468,878)
Fund balances, beginning	1,016,003	342,823	129,666	1,488,492
Fund balances, ending	$ 672,111	$ 347,503	$ -	$ 1,019,614

Washington County, North Carolina
School Capital Outlay Fund - Capital Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Over (Under)
Revenues:			
Restricted Intergovernmental	$ 515,000	$ 543,108	$ 543,108
Total revenues	515,000	543,108	543,108
Expenditures:			
Capital Outlay	887,000	887,000	887,000
Total expenditures	887,000	887,000	887,000
Revenues over (under) expenditures	(372,000)	(343,892)	(343,892)
Other financing sources:			
Transfers In	372,000	-	-
Appropriated Fund Balance	-	-	-
Total other financing sources	372,000	-	-
Revenues and other sources over (under) expenditures	$ -	(343,892)	$ (343,892)
Fund balances, beginning		1,016,003	
Fund balances, ending		$ 672,111	

Washington County, North Carolina
Airport Grant - Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Over (Under)
Revenues:					
Restricted Intergovernmental	$ 8,199,098	$ 306,183	$ 188,069	$ 494,252	$ (7,704,846)
Total revenues	8,199,098	306,183	188,069	494,252	(7,704,846)
Expenditures:					
Capital Outlay	8,199,098	97,643	183,389	281,032	7,918,066
Total expenditures	8,199,098	97,643	183,389	281,032	7,918,066
Revenues over (under) expenditures	-	208,540	4,680	213,220	213,220
Other financing sources:					
Transfers In	-	134,283	-	134,283	134,283
Appropriated Fund Balance	-	-	-	-	-
Total other financing sources	-	134,283	-	134,283	134,283
Revenues and other sources over (under) expenditures	$ -	$ 342,823	4,680	$ 347,503	$ 347,503
Fund balances, beginning			342,823		
Fund balances, ending			$ 347,503		

Washington County, North Carolina
Commerce Center Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Closed	Total to Date
Revenues:					
Restricted Intergovernmental	$ 1,012,028	$ 376,357	$ 604,035	$ (980,392)	$ -
Total revenues	1,012,028	376,357	604,035	(980,392)	-
Expenditures:					
Capital outlay	1,012,060	433,541	733,733	(1,167,274)	-
Total expenditures	1,012,060	433,541	733,733	(1,167,274)	-
Revenues over (under) expenditures	(32)	(57,184)	(129,698)	186,882	-
Other financing sources:					
Transfers In	32	186,850	32	(186,882)	-
Appropriated fund balance	-	-	-	-	-
Total other financing sources	32	186,850	32	(186,882)	-
Revenues and other sources over (under) expenditures	$ -	$ 129,666	$ (129,666)	$ -	$ -
Fund balances, beginning			129,666		
Fund balances, ending			$ -		

ENTERPRISE FUND

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.

Washington County, North Carolina
Sanitation Fund
Statement of Revenues and Expenditures
Budget and Actual (Non GAAP)
For The Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for Services	$ 1,353,525	$ 1,399,421	$ 45,896
Restricted Intergovernmental	-	7,386	7,386
Total Revenues	1,353,525	1,406,807	53,282
Expenditures:			
Landfill and Collections	1,283,383	1,175,579	107,804
Capital Outlay	45,000	-	45,000
Total Expenditures	1,328,383	1,175,579	152,804
Revenues over Expenditures	$ 25,142	$ 231,228	$ 206,086
Other Financing Sources (Uses):			
Transfers In	-	-	-
Designated for Future Appropriation	(25,142)	-	25,142
Total Other Financing Sources (Uses)	(25,142)	-	25,142
Revenues and other financing sources (uses) over expenditures	$ -	231,228	$ 231,228
Reconciliation form budgetary basis (modified) accrual to full accrual:			
Depreciation Expense		(18,698)	
Increase (decrease) in Estimated Postclosure Costs		(216,563)	
(Increase) decrease in deferred outflows - pension		(5,979)	
(Increase) decrease in deferred outflows - OPEB		2,469	
Increase (decrease) in deferred inflows - pension		301	
Increase (decrease) in deferred inflows - OPEB		22,060	
Increase (decrease) in net pension liability		7,204	
Increase (decrease) in net OPEB liability		(31,031)	
Increase (decrease) in compensated absences		(328)	
Change in net position		$ (9,337)	

Washington County, North Carolina
Water Fund
Statement of Revenues and Expenditures
Budget and Actual (Non GAAP)
For The Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,361,000	$ 1,361,634	$ 634
Restricted intergovernmental	517,777	313,938	(203,839)
Taps and connection fees	4,000	8,162	4,162
Investment earnings	500	1,483	983
Miscellaneous	-	1,455	1,455
Total Revenues	1,883,277	1,686,672	(196,605)
Expenditures:			
Treatment plant	268,496	228,748	39,748
Operations maintenance	1,123,715	796,355	327,360
Capital Outlay	40,450	-	40,450
Debt service	383,427	382,203	1,224
Total	1,816,088	1,407,306	408,782
Revenues over Expenditures	67,189	279,366	212,177
Other Financing Sources (Uses):			
Transfers out	-	-	-
Designated for Future Appropriation	(67,189)	-	67,189
Total Other Financing Sources (Uses)	(67,189)	-	67,189
Revenues and other financing sources (uses) over expenditures	$ -	279,366	$ 279,366

Reconciliation form budgetary basis (modified) accrual to full accrual:

Capital outlay	-
Payments of debt service - principal	228,509
Deprecation expense	(261,370)
(Increase) decrease in deferred outflows - pension	(25,042)
(Increase) decrease in deferred outflows - OPEB	10,277
Increase (decrease) in deferred inflows - pension	1,261
Increase (decrease) in deferred inflows - OPEB	92,393
Increase (decrease) in net pension liability	30,180
Increase (decrease) in net OPEB liability	(129,421)
Increase (decrease) in compensated absences	(819)
Change in net position	$ 225,334

AGENCY FUNDS

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

Washington County, North Carolina
Agency Fund
Combining Statement of Assets and Liabilities
June 30, 2019

	Social Services Fund	Detention Center Fund	Motor Vehicle Tax Fund	Totals
Assets				
Cash and cash equivalents	$ 29,482	$ 13,479	$ 29,604	$ 72,565
Receivables	-	-	13,752	13,752
Total Assets	$ 29,482	$ 13,479	$ 43,356	$ 86,317
Liabilities and Net Position				
Due to Others	$ 29,482	$ 13,479	$ 43,356	$ 86,317
Total Liabilities and Net Position	$ 29,482	$ 13,479	$ 43,356	$ 86,317

Washington County, North Carolina
Agency Fund
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SOCIAL SERVICES FUND				
Assets:				
Cash and cash equivalents	$ 30,267	$ 6,611	$ 7,396	$ 29,482
Liabilities:				
Due to Others	$ 30,267	$ 6,611	$ 7,396	$ 29,482
DETENTION CENTER FUND				
Assets:				
Cash and cash equivalents	$ 34,701	$ 69,838	$ 91,060	$ 13,479
Liabilities:				
Due to Others	$ 34,701	$ 69,838	$ 91,060	$ 13,479
MOTOR VEHICLE TAX FUND				
Assets:				
Cash and cash equivalents	$ 13,786	$ 352,758	$ 336,940	$ 29,604
Receivables	-	13,752	-	13,752
Total Assets	13,786	366,510	336,940	43,356
Liabilities:				
Due to Others	$ 13,786	$ 366,510	$ 336,940	$ 43,356
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	$ 78,754	$ 429,207	$ 435,396	$ 72,565
Receivables	-	13,752	-	13,752
Total Assets	78,754	442,959	435,396	86,317
Liabilities:				
Due to Others	$ 78,754	$ 442,959	$ 435,396	$ 86,317

Washington County Travel and Tourism Authority

Discretely Presented Component Unit

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

Washington County, North Carolina
Washington County Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Balance Sheet
June 30, 2019

ASSETS		
Cash and cash equivalents	$	32,540
Accounts receivable (net)		12,945
Due from other governments		429
Due from primary government		48,879
Total assets	$	94,793
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	$	3,231
Due to primary government		-
Total liabilities		3,231
Fund balances:		
Restricted:		
Stabilization by State Statute		62,253
Unassigned		29,309
Total fund balances		91,562
Total liabilities and fund balances	$	94,793

Washington County, North Carolina
Washington County Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2019

REVENUES		
Occupancy Taxes	$	146,847
Investment earnings		354
Total Revenues		147,201
EXPENDITURES		
Salaries and benefits		26,421
Advertising		27,408
Grants		-
Bear Festival expenditures		-
Operating expenditures		69,068
Total Expenditures		122,897
Revenues over (under) expenditures		24,304
Fund balances, beginning		67,258
Fund balances, ending	$	91,562

Washington County, North Carolina
Washington County Travel and Tourism Authority
Discretely Presented Component Unit
Supplemental Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy Taxes	$ 123,097	$ 146,847	$ 23,750
Bear Festival sponsorships	-	-	-
Investment earnings	-	354	354
Total Revenues	123,097	147,201	24,104
EXPENDITURES			
Salaries and benefits	26,441	26,421	20
Advertising	28,813	27,408	1,405
Bear Festival expenditures	-	-	-
Operating expenditures	73,893	69,068	4,825
Total Expenditures	129,147	122,897	6,250
Revenues over (under) expenditures	(6,050)	24,304	30,354
Other financing sources:			
Appropriated fund balance	6,050	-	(6,050)
Total other financing sources	6,050	-	(6,050)
Revenues and other sources over (under) expenditures	$ -	$ 24,304	$ 24,304
Fund balances, beginning		67,258	
Fund balances, ending		$ 91,562	

OTHER SCHEDULES

This section includes additional information on property taxes.

Washington County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	$ -	$ 8,386,266	$ 8,037,540	$ 348,726
2017-2018	350,145	56,603	232,908	173,840
2016-2017	164,728	-	64,077	100,651
2015-2016	116,918	-	30,574	86,344
2014-2015	140,421	1,937	26,801	115,557
2013-2014	63,612	2,913	26,300	40,225
2012-2013	55,513	-	21,507	34,006
2011-2012	45,089	-	17,426	27,663
2010-2011	35,566	-	13,751	21,815
2009-2008	30,391	-	13,077	17,314
2008-2007	25,191	-	25,191	-
2007-2008	13,235	-	13,235	-
Totals	$ 1,040,809	$ 8,447,719	$ 8,522,387	$ 966,141

Less Allowance for Doubtful Accounts	(162,333)
Taxes Receivable (Net)	$ 803,808

Reconcilement with revenues:

Ad valorem taxes - General Fund	$ 8,444,161
Reconciling items:	
Prepaid taxes recognized in the current year	(74,401)
Interest and penalties	(118,672)
Discounts	55,580
Refunds, DMV Fees	177,293
Taxes written off	38,426
Total Collections and Credits	$ 8,522,387

Washington County, North Carolina
Analysis of Current Tax Levy
County - Wide Levy
June 30, 2019

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	$ 1,043,192,593	0.84500	$ 8,449,860	$ 7,611,675	$ 838,185
Discoveries	2,133,210	0.84500	17,279	17,279	-
Releases	(9,984,321)	0.84500	(80,873)	(71,887)	(8,986)
Totals	$ 1,035,341,482		8,386,266	7,557,067	829,199
Net levy			8,386,266	7,557,067	829,199
Uncollected taxes at June 30, 2019			348,726	348,726	-
Current year's taxes collected			$ 8,037,540	$ 7,208,341	$ 829,199
Current levy collection percentage			95.84%	95.39%	100.00%

COMPLIANCE SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Washington County, North Carolina (the "County") as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 21, 2020. Our report includes a reference to other auditors who audited the financial statements of the Washington County ABC Board, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Washington County ABC Board were not audited in accordance with *Government Auditing Standards* .

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 21, 2020

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited Washington County, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Washington County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items [2019-001, 2019-002, 2019-003, 2019-004] that we consider to be significant deficiencies.

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 21, 2020

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited Washington County, North Carolina compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina* , issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2019. The County's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 21, 2020

Washington County, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

• Material Weakness(es) identified?	___yes	_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 Weakness(es) 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:

CFDA #	Program Name
93.558	Temporary Assistance for Needy Families Cluster
93.778	Medical Assistance Program
93.568	Low-Income Home Energy Assistance Program

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 Weakness(es) 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
Medical Assistance Program
Commerce Center Project Grant - Industrial Development Fund

Section II. Financial Statement Findings

None Reported.

Section III. Federal Award Findings and Questioned Costs

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

Finding: 2019-001

SIGNIFICANT DEFICENCY

Eligibility

Criteria: The Child Support Enforcement Agency (IV-D) can assist the family in obtaining financial and/or medical support or medical support payments from the child's non-custodial parent. Cooperation requirement with Social Services and Child Support Agencies must be met or good cause for not cooperating must be established when determining Medicaid eligibility.

Condition: There were ten errors discovered during our procedures that referrals between DSS and Child Support Agencies were not properly made. Four applicants received assistance although their Child Support cases were indicating non cooperation and no good cause was established.

Questioned Costs: The amounts paid out for the above in-eligible participants did not exceed the threshold for a questioned cost determination.

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

Effect: Four applicants received assistance for which they were not eligible.

Cause: Error in reading the ACTS report, and ineffective case review process.

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

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will review action reports regularly to determine if corrective action was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

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

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

Finding: 2019-002

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	In accordance with 42 CFR 435, documentation must be obtained as needed to determine if a recipient meets specific standards, and documentation must be maintained to support eligibility determinations. In accordance with 2 CFR 200, management should have an adequate system of internal controls procedures in place to ensure an applicant is properly determined or redetermined for benefits.
Condition:	There were twenty-four errors discovered during our procedures that inaccurate information was entered when determining eligibility.
Questioned Costs:	There was no affect to eligibility and there were no questioned costs.
Context:	We examined 60 Medicaid recipients from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit.
Effect:	For those certifications/re-certifications there was a chance that information was not properly documented and reconciled to NC FAST and a participant could have been approved for benefits for which they were not eligible.
Cause:	Ineffective record keeping and ineffective case review process, incomplete documentation, and incorrect application of rules for purposes of determining eligibility.
Recommendation:	Files should be reviewed internally to ensure proper documentation is in place for eligibility. Workers should be retrained on what files should contain and the importance of complete and accurate record keeping. We recommend that all files include online verifications, documented resources of income and those amounts agree to information in NC FAST. The results found or documentation made in the case notes should clearly indicate what actions were performed and the results of those actions.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will perform second party reviews to ensure proper documentation is contained in files to support eligibility determinations. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

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

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

Finding: 2019-003

SIGNIFICANT DEFICENCY

Eligibility

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

Condition: There were two 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. One applicant received assistance for which the recipient was not eligible.

Questioned Costs: The amounts paid out for the above in-eligible participants did not exceed the threshold for a questioned cost determination.

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

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

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

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

Views of responsible officials and planned corrective actions: The County agrees with the finding. Supervisors will review action reports regularly to determine if correct was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

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

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

Finding: 2019-004

SIGNIFICANT DEFICENCY

Eligibility

Criteria:	The State sends notification to the County when a participant is no longer eligible under SSI determination. The County has a certain time period to initiate an ex parte review to determine whether the recipient qualifies for Medicaid under any other coverage group, such as Family and Children's Medicaid, North Carolina Health Choice for Children, Work First Family Assistance, or Medicaid for the Aged, Blind and Disabled.
Condition:	Three applicants were not reviewed timely and determined to be eligible for Medicaid when their SSI benefits were terminated.
Questioned Costs:	The amounts paid out for the above in-eligible participants did not exceed the threshold for a questioned cost determination.
Context:	We examined 60 Medicaid applicants from the Medicaid Beneficiary report provided by NC Department of Health and Human Services to re-determine eligibility. These findings are being reported with the financial statement audit as it relates to the Medicaid administrative cost compliance audit.
Effect:	County did not initiate ex parte review timely, therefore, no eligibility review was completed in required time period. The lack of follow up and certification lead to applicants receiving Medicaid for which they were not eligible.
Cause:	Ineffective communication between departments within the Department of Social Services. One area within DSS received State communications that applicants would no longer be eligible for SSI benefits and the County needs to conduct an application process. This information was not shared with other areas in DSS that the recipient was receiving benefits.
Recommendation:	Any State communications related to applicants' benefits received by the any DSS department should be shared with all areas that the participant receives benefits. State files should be reviewed internally to ensure all actions have been properly closed and the correct action has been taken. Workers should be retrained on what process needs to be followed when State communications are received.
Views of responsible officials and planned corrective actions:	The County agrees with the finding. Supervisors will review action reports regularly to determine if corrective action was taken and that action was correctly closed out. Workers will be retrained on what information should be maintained in case files, the importance of complete and accurate record keeping, and reserve calculations.

Section IV - State Award Findings and Question Costs

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

SIGNIFICANT DEFICENCY: Finding 2019-002, 2019-003, 2019-004, and 2019-005 also apply to State requirements and State Awards.

COUNTY OF WASHINGTON

BOARD OF COMMISSIONERS

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

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

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

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Corrective Action Plan
For the Year Ended June 30, 2019

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

Finding: 2019-001

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

Corrective Action: Procedures are being developed on how to read ACTS in OVS/OLV to ensure correct referrals and sanctions.

Proposed Completion Date: Medicaid Caseworkers will communicate with the Child Support Unit regarding questions that may arise when they are reading information in ACTS. The Child Support Unit will also follow up all referrals with an email to determine that a sanction has been acted upon. Further, the Medicaid Supervisor is working on a PowerPoint presentation to train workers how to effectively review

Finding: 2019-002

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

Corrective Action: Procedures are being developed for proper documentation to support what is in NCFAST system. Additional training will be given to the Medicaid caseworkers to ensure procedures are being followed. Supervisor will monitor 2nd party reviews to ensure actual application of this policy is enforced.

Proposed Completion Date: We are doing more 2nd party reviews at this time to ensure that proper documentation and verifications are in the case record in NCFAST. Those 2nd party reviews are going back to the workers so they can be corrected quickly and keep errors to a minimal. We are in the process of creating a PowerPoint to give guidance on what a case record documentation should entail.

Finding: 2019-003

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

Corrective Action: Procedures are being developed to ensure that verifications and what is actually in the NCFAST system match.

Proposed Completion Date: We are doing additional 2nd party reviews at this time to ensure that verifications and NCFAST match. Those 2nd party reviews are being returned to the workers to insure corrections are timely and errors are kept to a minimum. Supervisor will continue to monitor the 2nd party reviews for accuracy in the prevention of future errors.

Finding: 2019-004

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

Corrective Action: Procedures are being developed to ensure all tasks and reports are worked in a timely manner.

Proposed Completion Date: Tasks are being reviewed weekly to see what tasks in NCFAST are being worked and which are not. Reports are being pulled weekly by Supervisor to see what is being worked on by each caseworker. The caseworkers have access to all reports that include their specific clients and those reports are to be worked weekly if not more often. We have put this in place at the present time to ensure that tasks and reports are being worked in a timely manner.

Section IV - State Award Findings and Question Costs

None reported.

Washington County, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

2018-001 Revenue Recognition

Corrected

2018-002 Expenditure/Epenses Recognition

Corrected

2018-003 Reporting of the Schedule of Expenditures of Federal and State Awards

Corrected

2018-004 Segregation of Duties

Corrected

2018-005 Rural Operating Assistance Program (ROAP)

Corrected

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
FEDERAL AWARDS						
U.S. Department of Agriculture						
Passed –through the North Carolina Department of Health and Human Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561		$ 268,793	$ -	$ -	$ 268,793
Total U.S. Dept. of Agriculture			268,793	-	-	268,793
U.S. Department of Housing and Urban Development						
Single Family Housing Rehabilitation Grant	14.239	SFRLP1728	194,598	-	-	-
Total U.S. Department of Housing and Urban Development			194,598	-	-	-
U.S. Department of Health and Human Services						
Passed through North Carolina Department of Health and Human Services:						
Child Care Development Cluster:						
Child Care Development Fund - Administration	93.596		85,012	-	-	-
Total Child Care Development Cluster			85,012	-	-	-
Temporary Assistance for Needy Families (TANF):						
Temporary Assistance for Needy Families - Work First	93.558		74,445	-	-	3,459
Temporary Assistance for Needy Families - Work First Service	93.558		251,828	-	-	40,894
Total Temporary Assistance for Needy Families Cluster			326,273	-	-	44,353
Foster Care and Adoption Cluster						
Foster Care - Title IV-E	93.658		72,297	17,602	-	44,628
Adoption Assistance	93.659		525	-	-	525
Foster Care	N/A		10,222	-	-	-
Total Foster Care and Adoption Cluster			83,044	17,602	-	45,153
Medical Assistance Program	93.778		491,696	321	-	183,418
Social Services Block Grant:						
Social Services Block Grant - In Home Services	93.667		3,852	-	-	550
Social Services Block Grant - In Home Services Over 60	93.667		610	-	-	87
Social Services Block Grant - Other Services and Training	93.667		116,180	-	-	38,726
Total Social Services Block Grant			120,642	-	-	39,363
Promoting Safe and Stable Families	93.556		1,936	-	-	-
Low-Income Home Energy Assistance Program:						
Crisis Intervention Payments	93.568		97,823	-	-	-
Low Income Energy Assistance Program	93.568		17,107	-	-	-
Low Income Home Energy Assistance Program	93.568		110,300	-	-	-
Total Low-Income Home Energy Assistance Program			225,230	-	-	-
Permanency Planning - Service & Admin	93.645		4,817	-	-	1,606
Chafee Foster Care Independence Program	93.674		2,358	579	-	-
Child Support Enforcement	93.563		249,735	-	-	129,653
Children's Health Insurance Program - N.C. Health Choice	93.767		15,160	-	-	-
Passed through Albemarle Commission Council of Governments:						
Division of Aging and Adult Services:						
Special Programs for the Aging - Title III - D						
Disease Prevention and Health Promotion Services	93.043		1,558	-	-	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Aging Cluster						
Special Programs for the Aging - Title III Part B						
Grants for Supportive Services and Senior Centers	93.044		93,926	-	-	10,436
Special Programs for the Aging - Title III Part C						
Nutrition Services	93.045		51,667	-	-	5,741
Total Aging Cluster			145,593	-	-	16,177
Total U.S. Department of Health and Human Services			1,753,054	18,502	-	459,723
U.S. Department of Homeland Security						
Passed through North Carolina Department of Public Safety						
Hazard Mitigation Property Acquisition	97.039		2,850	-	-	-
Emergency Management Program Fund	97.042		55,757	-	-	-
Homeland Security Grant Program	97.067		53,334	-	-	-
Total U.S. Department of Homeland Security			111,941	-	-	-
U.S. Department of Transportation						
Passed through North Carolina Department of Transportation						
Formula Grants for Rural Areas - Community						
Washington County, Admin	20.509	DOT-11 36233.107.19.1	18,284	1,142	-	-
Washington County, Admin	20.509	DOT-11 36233.107.20.1	50,523	3,157	-	-
Total Washington County, Admin			68,807	4,299	-	-
Airport Improvement Grant	20.106	DOT-8 36237.40.13.1	165,050	18,339	-	-
Passed through North Carolina Department of Public Safety						
Hazmat Incident Stabilization	20.703	HMP-0544-16-01	7,250	-	-	-
Total U.S. Department of Transportation			241,107	22,638	-	-
TOTAL FEDERAL AWARDS			$ 2,569,493	$ 41,140	$ -	$ 728,516
STATE AWARDS						
North Carolina Department of Health and Human Services						
Passed through Albemarle Commission Council of Governments:						
Division of Aging and Adult Services						
Senior Center General Purpose Funding			$ -	$ 3,564	$ -	$ -
Division of Social Services						
Extended Foster Care / Max Non-IV-E			-	4,438	-	-
Foster Care At Risk Maximization			-	253	-	124
State Foster Care Home			-	10,531	-	411
SFHF Maximization			-	106	-	106
State Child Welfare / CPS			-	5,869	-	-
Total North Carolina Department of Health and Human Services			-	24,761	-	641
North Carolina Department of Commerce						
Commerce Center Project Grant - Industrial Development Fund			-	604,035	-	-
Total North Carolina Department of Commerce			-	604,035	-	-
North Carolina Department of Environmental Quality						
Scrap Tire Program			-	7,386	-	-
Total North Carolina Department of Environmental Quality			-	7,386	-	-

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
North Carolina Department of Transportation						
ROAP Cluster						
ROAP - Elderly and Disabled Transportation Assistance Program		DOT-16CL 36220.10.8.1	-	51,200	-	-
ROAP - Rural General Public Program		DOT-16CL 36228.22.8.1	-	49,268	-	-
ROAP - Work First Transitional Employment		DOT-16CL 36236.11.7.1	-	5,713	-	-
Total ROAP Cluster			-	106,181	-	-
State Aid to Airport		DOT-8 36244.53.6.1	-	4,680	-	-
Total North Carolina Department of Transportation			-	110,861	-	-
North Carolina Housing Finance Agency						
Urgent Repair Program		UPR1732	-	50,000	-	-
Total North Carolina Housing Finance Agency			-	50,000	-	-
North Carolina Department of Agriculture & Consumer Services						
Division of Soil & Water						
Stream Debris Removal Grant				41,170	-	-
Total North Carolina Department of Agriculture Consumer			-	41,170	-	-
North Carolina Department of Military and Veterans Affairs						
Veterans Service			-	2,216	-	-
Affairs			-	2,216	-	-
North Carolina Department of Public Safety						
Juvenile Crime Prevention Program						
JCPC Administration			-	1,336	-	-
Roanoke Area Youth			-	64,802	64,802	-
Washington County Youth			-	9,201	9,201	-
Total Juvenile Crime Prevention Program			-	75,339	74,003	-
Tier II Grant			-	4,000	-	-
Total North Carolina Department of Public Safety			-	79,339	74,003	-
North Carolina Department of Insurance						
SHIIP Grant			-	2,087	-	-
Total North Carolina Department of Insurance			-	2,087	-	-
TOTAL STATE AWARDS			-	921,855	74,003	641
TOTAL FEDERAL AND STATE AWARDS			$ 2,569,493	$ 962,995	$ 74,003	$ 729,157

WASHINGTON COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

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

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Washington County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Washington County, it is not intended to and does not present the financial position, changes in net position or cash flows of Washington County.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Cluster of Programs

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

Note 5: Benefit Payments Issued by the State

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

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	$ 269,912	$ -
Supplemental Nutrition Assistance Program	10.551	3,904,924	-
Temporary Assistance for Needy Families	93.558	77,863	-
Adoption Assistance	93.659	108,395	26,258
Medical Assistance Program	93.778	19,471,109	10,454,447
Children's Health Insurance Program	93.767	316,798	-
Child Welfare Services Adoption		-	5,706
State / County Special Assistance program		-	114,099
SAA / SAD HB 1030		-	7,191